

ReliaStar Life Insurance Company
Separate Account N

ING Encore/ING Encore Flex (Prospectus No. PRO.120636-05)

**Supplement dated June 24, 2005 to the
Contract Prospectus dated June 24, 2005**

The information in this Supplement updates and amends certain information contained in the Contract Prospectus and Statement of Additional Information. You should read this Supplement along with the current Contract Prospectus.

The "Other Regulatory Matters" sub-section of the prospectus is hereby deleted and replaced with the following:

Other Regulatory Matters

Regulatory Matters

As with many financial services companies, the Company and its affiliates have received informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the financial services industry. In each case, the Company and its affiliates have been and are providing full cooperation.

Fund Regulatory Issues

Since 2002, there has been increased governmental and regulatory activity relating to mutual funds and variable insurance products. This activity has primarily focused on inappropriate trading of fund shares, revenue sharing and directed brokerage, compensation, sales practices and suitability, arrangements with service providers, pricing, compliance and controls, and adequacy of disclosure.

In addition to responding to governmental and regulatory requests on fund regulatory issues, ING management, on its own initiative, conducted, through special counsel and a national accounting firm, an extensive internal review of mutual fund trading in ING insurance, retirement, and mutual fund products. The goal of this review was to identify any instances of inappropriate trading in those products by third parties or by ING investment professionals and other ING personnel.

The internal review identified several isolated arrangements allowing third parties to engage in frequent trading of mutual funds within the variable insurance and mutual fund products of ING, and identified other circumstances where frequent trading occurred despite measures taken by ING intended to combat market timing. Each of the arrangements has been terminated and disclosed to regulators, to the independent trustees of ING Funds (U.S.) and in reports previously filed by affiliates of the Company with the SEC pursuant to the Securities Exchange Act of 1934, as amended.

An affiliate of the Company, ING Funds Distributors, LLC ("IFD") has received notice from the staff of the National Association of Securities Dealers ("NASD") that the staff has made a preliminary determination to recommend that disciplinary action be brought against IFD and one of its registered persons for violations of the NASD Conduct Rules and federal securities laws in connection with frequent trading arrangements.

Other regulators, including the SEC and the New York Attorney General, are also likely to take some action with respect to the Company or certain affiliates before concluding their investigation of ING relating to fund trading. The potential outcome of such action is difficult to predict but could subject the Company or certain affiliates to adverse consequences, including, but not limited to, settlement payments, penalties, and other financial liability. It is not currently anticipated, however, that the actual outcome of such action will have a material adverse effect on ING or ING's U.S.-based operations, including the Company.

ING has agreed to indemnify and hold harmless the ING Funds from all damages resulting from wrongful conduct by ING or its employees or from ING's internal investigation, any investigations conducted by any governmental or self-regulatory agencies, litigation or other formal proceedings, including any proceedings by the Securities and Exchange Commission ("SEC"). Management reported to the ING Funds Board that ING management believes that the total amount of any indemnification obligations will not be material to ING or ING's U.S.-based operations, including the Company.

Other Regulatory Matters

The New York Attorney General and other regulators are also conducting broad inquiries and investigations involving the insurance industry. These initiatives currently focus on, among other things, compensation and other sales incentives, potential conflicts of interest, potential anti-competitive activity, marketing practices, certain financial reinsurance arrangements, and disclosure. It is likely that the scope of these investigations will further broaden before the investigations are concluded. U.S. affiliates of ING have received formal and informal requests in connection with such investigations, and are cooperating fully with each request for information.

These initiatives may result in new legislation and regulation that could significantly affect the financial services industry, including businesses in which the Company is engaged.

In light of these and other developments, U.S. affiliates of ING, including the Company, periodically review whether modifications to our business practices are appropriate.

CONTRACT PROSPECTUS – JUNE 24, 2005

The Contracts. The contracts described in this prospectus are individual fixed and variable deferred annuity contracts issued by ReliaStar Life Insurance Company (the Company, we, us, our). We issue two series of contracts, the flexible premium series and the transfer premium series. They are issued to you, the contract owner, on a nonqualified basis ("nonqualified contracts"), or in connection with retirement arrangements qualifying for special treatment under section 403(b) ("403(b) contracts") or section 408 ("IRA contracts") of the Internal Revenue Code of 1986, as amended (Tax Code).

Why Reading this Prospectus Is Important. This prospectus contains facts about the contracts and their investment options that you should know before purchasing. This information will help you decide if a contract is right for you. Please read this prospectus carefully and keep it for future reference.

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Investment Options. The contracts offer variable investment options and up to two fixed interest options. Fixed Account D is only available with flexible series contracts. When we establish your contract you instruct us to direct purchase payments to any of the available options. Some investment options may be unavailable through certain contracts or plans, or in some states.

Variable Investment Options. These options are called subaccounts. The subaccounts are within Separate Account N, a separate account of the Company (the "Separate Account"). Each subaccount invests in one of the mutual funds listed on the next page. Earnings on amounts invested in a subaccount will vary depending upon the performance of its underlying fund. You do not invest directly in or hold shares of the funds.

Risks Associated with Investing in the Funds. The funds in which the subaccounts invest have various risks. Information about the risks of investing in the funds is located in the "Investment Options" section on page 15, in Appendix IV-Description of Underlying Funds and in each fund prospectus. Read this prospectus in conjunction with the fund prospectuses, and retain the prospectuses for future reference.

Fixed Interest Options.

- ▷ Fixed Account D (available only for flexible premium series contracts)
- ▷ DCA Fixed Account (for dollar cost averaging only)

Except as specifically mentioned, this prospectus describes only the investment options offered through Separate Account N. However, we describe the fixed interest options in Appendix I to this prospectus.

Availability of Features. Not all features or riders are available in all states. The contracts are not available for sale in New York. Some funds or fixed accounts may be unavailable through certain contracts and plans or in some states.

Getting Additional Information. You may obtain the June 24, 2005, Statement of Additional Information (SAI) about the separate account without charge by calling us at 1-877-884-5050 or writing us at the address listed in the "Contract Overview-Questions: Contacting the Company" section of the prospectus. The Securities and Exchange Commission (SEC) also makes available to the public reports and information about the separate account and the funds. Certain reports and information, including this prospectus and SAI, are available on the EDGAR database on the SEC web site, www.sec.gov, or at the SEC Public Reference Room in Washington, D.C. You may call 1-202-942-8090 or 1-800-SEC-0330 to get information about the operations of the Public Reference Room. You may obtain copies of reports and other information about the separate account and the funds, after paying a duplicating fee, by sending an e-mail request to publicinfo@sec.gov or by writing to the SEC Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549. The SAI table of contents is listed on page 60 of this prospectus. The SAI is incorporated into this prospectus by reference.

Additional Disclosure Information. Neither the SEC nor any state securities commission has approved or disapproved the securities offered through this prospectus or passed on the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense. We do not intend for this prospectus to be an offer to sell or a solicitation of an offer to buy these securities in any state that does not permit their sale. We have not authorized anyone to provide you with information that is different from that contained in this prospectus.

The contracts are not deposits with, obligations of or guaranteed or endorsed by any bank, nor are they insured by the FDIC. The contracts are subject to investment risk, including the possible loss of the principal amount of your investment.

CONTRACT PROSPECTUS - JUNE 24, 2005 (continued)

The Funds

Franklin Small Cap Value Securities Fund (Class 2)
 ING American Century Large Company Value Portfolio (Service Class)⁽¹⁾
 ING American Century Select Portfolio (Service Class)
 ING American Century Small Cap Value Portfolio (Service Class)
 ING Baron Small Cap Growth Portfolio (Service Class)
 ING Fidelity® VIP Contrafund® Portfolio (Service Class)⁽²⁾
 ING Fidelity® VIP Equity-Income Portfolio (Service Class)⁽²⁾
 ING Fidelity® VIP Growth Portfolio (Service Class)⁽²⁾
 ING Fidelity® VIP Mid Cap Portfolio (Service Class)⁽²⁾
 ING Goldman Sachs® Capital Growth Portfolio (Service Class)⁽³⁾
 ING JPMorgan Fleming International Portfolio (Service Class)
 ING JPMorgan Mid Cap Value Portfolio (Service Class)
 ING Julius Baer Foreign Portfolio (Service 2 Class)⁽⁴⁾
 ING Legg Mason Value Portfolio (Service 2 Class)
 ING Marsico Growth Portfolio (Service 2 Class)⁽⁴⁾
 ING Mercury Large Cap Growth Portfolio (Service 2 Class)^{(1) (4)}
 ING MFS Capital Opportunities Portfolio (Service Class)
 ING MFS Total Return Portfolio (Service 2 Class)⁽⁴⁾
 ING OpCap Balanced Value Portfolio (Service Class)
 ING Oppenheimer Global Portfolio (Service Class)
 ING Oppenheimer Strategic Income Portfolio (Service Class)

The Funds (Continued)

ING PIMCO Total Return Portfolio (Service Class)
 ING Salomon Brothers Aggressive Growth Portfolio (Service Class)
 ING Salomon Brothers Fundamental Value Portfolio (Service Class)
 ING Salomon Brothers Large Cap Growth Portfolio (Service Class)
 ING Solution 2015 Portfolio (Service Class)⁽⁵⁾
 ING Solution 2025 Portfolio (Service Class)⁽⁵⁾
 ING Solution 2035 Portfolio (Service Class)⁽⁵⁾
 ING Solution 2045 Portfolio (Service Class)⁽⁵⁾
 ING Solution Income Portfolio (Service Class)⁽⁵⁾
 ING Stock Index Portfolio (Class I)
 ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Service Class)
 ING T. Rowe Price Equity Income Portfolio (Service 2 Class)
 ING T. Rowe Price Growth Equity Portfolio (Service Class)
 ING UBS U.S. Large Cap Equity Portfolio (Service Class)
 ING Van Kampen Comstock Portfolio (Service Class)
 ING Van Kampen Equity and Income Portfolio (Service Class)
 ING Van Kampen Growth and Income Portfolio (Service 2 Class)⁽⁴⁾
 ING VP Financial Services Portfolio (Class I)
 ING VP Global Science and Technology Portfolio (Class I)
 ING VP Growth and Income Portfolio (Class I)
 ING VP Growth Portfolio (Class I)
 ING VP Index Plus MidCap Portfolio (Class I)

The Funds (Continued)

ING VP Intermediate Bond Portfolio (Class I)⁽¹⁾
 ING VP International Equity Portfolio (Class I)
 ING VP International Value Portfolio (Class I)
 ING VP MagnaCap Portfolio (Class I)
 ING VP MidCap Opportunities Portfolio (Class I)
 ING VP Money Market Portfolio (Class I)⁽⁶⁾
 ING VP Natural Resources Trust
 ING VP Real Estate Portfolio (Class I)
 ING VP Small Company Portfolio (Class I)
 ING VP SmallCap Opportunities Portfolio (Class I)
 ING VP Strategic Allocation Balanced Portfolio (Class I)
 ING VP Strategic Allocation Growth Portfolio (Class I)
 ING VP Strategic Allocation Income Portfolio (Class I)
 ING VP Value Opportunity Portfolio (Class I)
 Lord Abnett Series Fund - Growth and Income Portfolio (Class VC)
 Lord Abnett Series Fund - Mid-Cap Value Portfolio (Class VC)
 Oppenheimer Aggressive Growth Fund/VA
 Oppenheimer Main Street Small Cap Fund®/VA
 PIMCO VIT Real Return Portfolio (Administrative Class)
 Pioneer Equity Income VCT Portfolio (Class I)
 Pioneer High Yield VCT Portfolio (Class I)
 Wanger Select
 Wanger U.S. Smaller Companies

¹ This fund has changed its name to the name listed above. See Appendix IV - Description of Underlying Funds of the prospectus for a complete list of former and current fund names.

² These portfolios are structured as "Master-Feeder" funds that invest directly in shares of an underlying fund. See "Fees - Fund Fees and Expenses" for additional information.

³ Goldman Sachs® is a registered service mark of Goldman, Sachs & Co., and it is used by agreement with Goldman, Sachs & Co.

⁴ Formerly called Adviser Class shares.

⁵ These portfolios are structured as fund of funds that invest directly in shares of underlying funds. See "Fees - Fund Fees and Expenses" for additional information.

⁶ Available for investment in transfer premium series contracts only. For flexible premium series contracts, currently only available during the right to cancel period in states that require a refund of purchase payments. See "Right to Cancel."

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Questions: Contacting the Company. To answer your questions, contact your sales representative, or write or call us at our administrative service center.

Administrative Service Center:
ING Service Center
P.O. Box 5050
Minot, North Dakota 58702-5050
1-877-884-5050

Our administrative service center has primary responsibility for administering the contracts and the separate account. The administrative services we provide include, but are not limited to, contract issuance, record maintenance, customer service, valuation and reporting.

Sending Forms and Written Requests in Good Order.

If you are writing to change your beneficiary, request a withdrawal or for any other purpose, contact us or your sales representative to learn what information is required for the request to be in "good order." Generally, a request is considered to be in "good order" when it is signed, dated and made with such clarity and completeness that we are not required to exercise any discretion in carrying it out.

We can only act upon requests that are received in good order.

Contract Overview

The following is intended as a summary. Please read each section of this prospectus for additional detail.

Contract Design

The contracts described in this prospectus are individual deferred fixed and variable annuity contracts. They are intended to be retirement savings vehicles that offer a variety of investment options to help meet long-term financial goals and provide for a death benefit and guaranteed income options. The term "contract" in this prospectus refers to individual fixed and variable annuity contracts.

Who's Who

You: The individual who purchases the contract.

Contract Holder: The person to whom we issue the contract. Generally, you. The contract holder has all rights under the contract.

We (the Company): ReliaStar Life Insurance Company. We issue the contract.

For greater detail, please review "Purchase and Rights."

The Contract and Your Retirement Plan

The contracts may be issued on a nonqualified basis, or for use with retirement arrangements under Tax Code sections 403(b), 408, or 408A of the Tax Code.

Use of an Annuity Contract in a Retirement Plan. Under the federal tax laws, earnings on amounts held in annuity contracts are generally not taxed until they are withdrawn. However, in the case of a qualified retirement arrangement (such as a 403(b) contract or an IRA), an annuity contract is not necessary to obtain this favorable tax treatment and does not provide any tax benefits beyond the deferral already available to the tax qualified account itself. However, annuities do provide other features and benefits (such as the guaranteed death benefits, guaranteed living benefits, and the available lifetime income phase options at established rates) that may be valuable to you. You should discuss your alternatives with your financial representative taking into account the additional fees and expenses you may incur in an annuity. See "Purchase and Rights."

Contract Facts

Free Look/Right to Cancel. You may cancel your contract within ten days (some states require more than ten days) of receipt. See "Right To Cancel."

Death Benefit. Your beneficiary may receive a financial benefit in the event of your death prior to the income phase, including, if you elect, the optional Return of Purchase Payment Death Benefit or the Annual Stepped Up Death Benefit. Any death benefit during the income phase will depend upon the income phase payment option selected. See "Death Benefit" and "The Income Phase."

Optional Living Benefit Riders. The contracts may offer an optional minimum guaranteed accumulation benefit ("MGAB") rider and minimum guaranteed withdrawal benefit ("MGWB") rider for an additional charge. See "Optional Living Benefit Riders."

Withdrawals. During the accumulation phase you may withdraw all or part of your contract value. Certain fees and taxes may apply, and there are restrictions on the amounts available for withdrawal from the fixed account options. In addition, the Tax Code restricts full and partial withdrawals in some circumstances. See "Withdrawals" and "Appendix I - The Fixed Accounts."

Systematic Withdrawals. These are made available for you to receive periodic withdrawals from your contract, while retaining the contract in the accumulation phase. See "Systematic Withdrawals."

Loans. If allowed by the contract, loans may be available during the accumulation phase. These loans are subject to certain restrictions. See "Loans."

Fees and Expenses. Certain fees and expenses are deducted from the value of your contract. See "Fee Table" and "Fees."

Taxation. Taxes will generally be due when you receive a distribution. Tax penalties may apply in some circumstances. See "Taxation."

Issue Date. Certain features of the contract may rely upon the issue date of your contract. The issue date is the date that we issue the contract.

Contract Anniversary. Certain features of the contract may rely upon your contract anniversary. The contract anniversary is the same day and month as the issue date of the contract, each year that the contract remains in effect.

Contract Year. Certain features of the contract may rely upon calculation of the contract year. The contract year is each 12-month period starting with the issue date of the contract and each contract anniversary thereafter.

Contract Phases

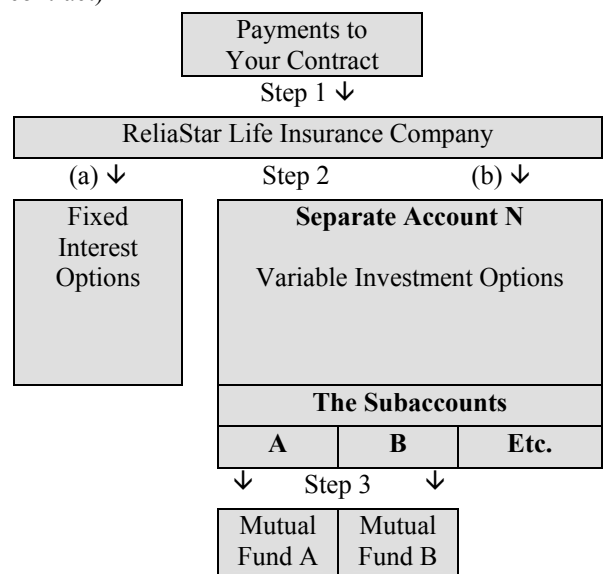
I. The Accumulation Phase (accumulating dollars under your contract)

STEP 1: You provide us with your completed application and initial purchase payment. We issue a contract to you and credit the contract with your initial purchase payment.

STEP 2: You direct us to invest your purchase payment in one or more of the following investment options:

- (a) Fixed Interest Options; or
- (b) Variable Investment Options. (The variable investment options are the subaccounts of Separate Account N. Each one invests in a specific mutual fund.)

STEP 3: Each subaccount you select purchases shares of its assigned fund.



II. The Income Phase (receiving income phase payments from your contract)

When you want to begin receiving payments from your contract you may select from the options available (see "The Income Phase"). In general, you may:

- Receive income phase payments over a life time or for a specified period;
- Select an option that provides a death benefit to beneficiaries; and
- Select income phase payments that are fixed or vary depending upon the performance of the variable investment options you select.

Fee Table

In this Section:

- ▷ Maximum Contract Owner Transaction Expenses
- ▷ Annual Contract Charge
- ▷ Separate Account Annual Expenses
- ▷ Optional Living Benefit Rider Charges
- ▷ Fees Deducted by the Funds
- ▷ Hypothetical Examples

Also see the "Fees" section for:

- ▷ How, When and Why Fees are Deducted
- ▷ Reduction, Waiver and/or Elimination of Certain Fees
- ▷ Premium and Other Taxes
- ▷ Optional Death Benefit Rider Charges
- ▷ Optional Living Benefits Rider charges

The following tables describe the fees and expenses that you will pay when buying, owning, and withdrawing from your contract. The first table describes the fees and expenses that you will pay at the time that you buy the contract, withdraw from the contract, take a loan from the contract or transfer cash value between investment options. State premium taxes may also be deducted. See "The Income Phase" for fees that may apply after you begin receiving payments under the contract.

Maximum Contract Owner Transaction Expenses

Early Withdrawal Charge (as a percentage of purchase payments) ¹	7%
Partial Withdrawal Processing Fee ²	\$25.00
Transfer Charge ³	\$25.00
Loan Processing Fee ⁴	\$25.00
Loan Interest Rate Spread (per annum) ⁵	3.0%
Fund Redemption Fees ⁶	may vary by fund

¹ The early withdrawal charge for contracts applies to each purchase payment and reduces over time. In certain cases this charge may not apply to a portion or all of your withdrawal. These fees may be waived, reduced or eliminated in certain circumstances. See "Early Withdrawal Charge" in the "Fees" section.

² The Company reserves the right to charge a partial withdrawal processing fee not to exceed the lesser of 2% of the amount withdrawn or \$25, including partial withdrawals made as a part of a systematic withdrawal program. We are not currently applying this fee. See "Early Withdrawal Charge" in the "Fees" section. See also "Systematic Withdrawals."

³ The Company does not currently impose a charge for transfers between the subaccounts or to or from the fixed interest options. However, we reserve the right to assess a \$25 charge on any transfer or to limit the number of transfers.

⁴ This is the maximum fee we would charge. We are not currently charging this fee. See "Loans."

⁵ This is the maximum difference between the rate applied and the rate credited on loans under the contract. Currently the loan interest rate spread is 2.5% per annum; however we reserve the right to apply a spread of up to 3.0% per annum. As of the date of this prospectus, we are applying a rate of 5.5% per annum and crediting 3% per annum. These rates are subject to change. See "Loans."

⁶ If applicable, we may deduct the amount of any redemption fees imposed by the funds as a result of withdrawals, transfers, or other transactions. See "Fees - Fund Redemption Fees."

The next table describes the fees and expenses that you will pay periodically during the time that you own the contract, not including fund fees and expenses.

Annual Contract Charge ⁷	\$35.00
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Separate Account Annual Expenses
(as a percentage of average contract value)

	Standard Death Benefit	Return of Purchase Payment Death Benefit	Annual Stepped Up Death Benefit
Mortality & Expense Risk Charge ⁸	1.40%	1.40%	1.40%
Administrative Expense Charge ⁹	0.20%	0.20%	0.20%
Return of Purchase Payment Death Benefit Rider ¹⁰	n/a	0.05%	n/a
Annual Stepped Up Death Benefit Rider ¹⁰	n/a	n/a	0.25%
Total Separate Account Charges.....	1.60%	1.65%	1.85%

⁷ This is the annual contract charge for the flexible premium series. The contract charge for transfer series contracts is \$30. We reserve the right to waive the annual contract charge in certain circumstances. See "Fees - Annual Contract Charge."

⁸ Mortality and expense risk charges are deducted daily.

⁹ The administrative expense charge will be deducted proportionately from amounts invested in the subaccounts on a quarterly basis, and at time of a full contract withdrawal.

¹⁰ The charge for the Return of Purchase Payment Death Benefit Rider or the Annual Stepped Up Death Benefit Rider will be deducted proportionally from amounts invested in the subaccounts on a quarterly basis, and at time of a full contract withdrawal.

Optional Living Benefit Rider Charges

Minimum Guaranteed Accumulation Benefit Rider

<u>Term</u>	<u>As a Maximum Annual Charge¹¹</u>	<u>As a Maximum Quarterly Charge¹¹</u>
10 Year	1.00% of the Guaranteed Accumulation Benefit Amount ¹²	0.25% of the Guaranteed Accumulation Benefit Amount ¹²

¹¹ These are the maximum charges we may charge for this rider. As of the date of this prospectus, the annual charge for the 10 year term is 0.35% of the Guaranteed Accumulation Benefit Amount (0.0875% on a quarterly basis). Because an election to Reset the MGAB rider may have the effect of increasing the Guaranteed Accumulation Benefit Amount, and because the charge for the MGAB rider is based upon the Guaranteed Accumulation Benefit Amount, an election to Reset the MGAB rider may result in higher charges (as expressed in dollars), even if we have not raised the percentage charge. See "Optional Living Benefit Riders – Minimum Guaranteed Accumulation Benefit Rider" and "Fees – Optional Living Benefit Riders."

¹² If the MGAB rider is purchased on the issue date of the contract, the Guaranteed Accumulation Benefit Amount is the total of the contract value at the start of the term, plus purchase payments received during the first contract year, reduced pro-rata for all partial withdrawals, loans and partial income phase payments taken during the term. If the rider is effective on a contract anniversary, the Guaranteed Accumulation Benefit Amount is equal to the contract value on that anniversary, plus purchase payments received in that contract year, reduced pro-rata for all partial withdrawals, loans, and partial income phase payments taken during the term. See "Optional Living Benefit Riders – Minimum Guaranteed Accumulation Benefit Rider."

Minimum Guaranteed Withdrawal Benefit Rider

<u>As a Maximum Annual Charge¹³</u>	<u>As a Maximum Quarterly Charge¹³</u>
1.50% of the Guaranteed Withdrawal Base ¹⁴	0.375% of the Guaranteed Withdrawal Base ¹⁴

¹³ This is the maximum charge we may charge for this rider. As of the date of this prospectus, the annual charge is 0.55% of the Guaranteed Withdrawal Base (0.1375% on a quarterly basis).

¹⁴ The Guaranteed Withdrawal Base is an amount used to determine the Annual Withdrawal Amount. If the rider is effective on the contract issue date, the initial Guaranteed Withdrawal Base is equal to the initial purchase payment, and is increased by purchase payments received in the first contract year. If the rider is effective on a contract anniversary, the Guaranteed Withdrawal Base is equal to the Contract Value on that date, and increased by purchase payments received in that contract year. Because an election to Reset the MGWB rider may have the effect of increasing the Guaranteed Withdrawal Base, and because the charge for the MGWB rider is based upon the Guaranteed Withdrawal Base, an election to Reset the MGWB rider may result in higher charges (as expressed in dollars), even if we have not raised the percentage charge. See "Optional Living Benefit Riders – Minimum Guaranteed Withdrawal Benefit Rider" and "Fees – Optional Living Benefit Riders."

The next item shows the minimum and maximum total operating expenses charged by the funds that you may pay periodically during the time that you own the contract. The minimum and maximum expenses listed below are based on expenses for the funds' fiscal year ended December 31, 2004 without taking into account any fee waiver or expense reimbursement arrangements that may apply. More detail concerning each fund's fees and expenses is contained in the prospectus for each fund.

<i>Total Annual Fund Operating Expenses*</i> (expenses that are deducted from fund assets, including management fees and other expenses)	Minimum	Maximum
	0.27%	1.65%

* After taking into account any contractual fee waiver or expense reimbursement arrangements, the minimum and maximum total fund operating expenses would be 0.27% and 1.55%, respectively. The fund having the minimum expense percentage is not subject to a contractual fee waiver or expense reimbursement arrangement. The fund having the maximum expense percentage is subject to a contractual fee waiver/expense reimbursement arrangement through May 1, 2006.

Fees Deducted by the Funds

Using this information. The following table shows the investment advisory fees, 12b-1 and other expenses including services fees (if applicable) charged annually by each fund. See the "Fees" section of this prospectus, and the fund prospectuses, for further information. Fund fees are one factor that impacts the value of a fund share. To learn about additional factors, refer to the fund prospectuses. The fees and expense information listed below was provided by the funds.

How Fees are Deducted. Fees are deducted from the value of the fund shares on a daily basis, which in turn affects the value of each subaccount on a daily basis. The column labeled "Fees and Expenses Waived or Reimbursed" shows only contractual waivers or reimbursements that continue through at least May 1, 2006. Except as noted below, the following figures are a percentage of the average net assets of each fund, and are based on figures for the year ended December 31, 2004. There is no guarantee that actual expenses will be the same as those shown in the table.

Fund Expense Table⁽¹⁾⁽²⁾

Fund Name	Management (Advisory) Fees	12b-1 Fee	Other Expenses	Total Annual Fund Operating Expenses	Fees and Expenses Waived or Reimbursed	Net Annual Fund Operating Expenses
Franklin Small Cap Value Securities Fund (Class 2) ⁽³⁾⁽⁴⁾	0.53%	0.25%	0.18%	0.96%	0.04%	0.92%
ING American Century Large Company Value Portfolio (Service Class) ⁽⁵⁾	0.80%	--	0.45%	1.25%	--	1.25%
ING American Century Select Portfolio (Service Class) ⁽⁶⁾	0.64%	--	0.27%	0.91%	--	0.91%
ING American Century Small Cap Value Portfolio (Service Class) ⁽⁷⁾	1.00%	--	0.65%	1.65%	0.10%	1.55%
ING Baron Small Cap Growth Portfolio (Service Class) ⁽⁷⁾	0.85%	--	0.65%	1.50%	0.05%	1.45%
ING Fidelity® VIP Contrafund® Portfolio (Service Class) ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	0.58%	0.25%	0.40%	1.23%	--	1.23%
ING Fidelity® VIP Equity-Income Portfolio (Service Class) ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	0.48%	0.25%	0.39%	1.12%	--	1.12%
ING Fidelity® VIP Growth Portfolio (Service Class) ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	0.58%	0.25%	0.39%	1.22%	--	1.22%
ING Fidelity® VIP Mid Cap Portfolio (Service Class) ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	0.58%	0.25%	0.42%	1.25%	--	1.25%
ING Goldman Sachs® Capital Growth Portfolio (Service Class) ⁽⁵⁾	0.85%	--	0.45%	1.30%	--	1.30%
ING JPMorgan Fleming International Portfolio (Service Class) ⁽⁵⁾	0.80%	--	0.45%	1.25%	--	1.25%
ING JPMorgan Mid Cap Value Portfolio (Service Class) ⁽⁵⁾	0.75%	--	0.60%	1.35%	--	1.35%

Fund Name	Management (Advisory) Fees	12b-1 Fee	Other Expenses	Total Annual Fund Operating Expenses	Fees and Expenses Waived or Reimbursed	Net Annual Fund Operating Expenses
ING Julius Baer Foreign Portfolio (Service 2) ⁽¹¹⁾	0.96%	0.25%	0.25%	1.46%	0.10%	1.36%
ING Legg Mason Value Portfolio (Service 2) ⁽¹¹⁾⁽¹²⁾	0.80%	0.25%	0.26%	1.31%	0.10%	1.21%
ING Marsico Growth Portfolio (Service 2) ⁽¹¹⁾⁽¹²⁾	0.77%	0.25%	0.26%	1.28%	0.10%	1.18%
ING Mercury Large Cap Growth Portfolio (Service 2) ⁽¹¹⁾⁽¹³⁾	0.80%	0.25%	0.25%	1.30%	0.15%	1.15%
ING MFS Capital Opportunities Portfolio (Service Class) ⁽⁵⁾	0.65%	--	0.50%	1.15%	--	1.15%
ING MFS Total Return Portfolio (Service 2) ⁽¹¹⁾⁽¹²⁾	0.64%	0.25%	0.25%	1.14%	0.10%	1.04%
ING OpCap Balanced Value Portfolio (Service Class) ⁽⁵⁾	0.80%	--	0.45%	1.25%	--	1.25%
ING Oppenheimer Global Portfolio (Service Class) ⁽⁶⁾	0.60%	--	0.31%	0.91%	--	0.91%
ING Oppenheimer Strategic Income Portfolio (Service Class) ⁽¹⁴⁾	0.50%	--	0.29%	0.79%	0.04%	0.75%
ING PIMCO Total Return Portfolio (Service Class) ⁽⁵⁾	0.50%	--	0.60%	1.10%	--	1.10%
ING Salomon Brothers Aggressive Growth Portfolio (Service Class) ⁽⁵⁾	0.69%	--	0.38%	1.07%	--	1.07%
ING Salomon Brothers Fundamental Value Portfolio (Service Class) ⁽⁵⁾	0.90%	--	0.45%	1.35%	--	1.35%
ING Salomon Brothers Large Cap Growth Portfolio (Service Class) ⁽⁶⁾	0.64%	--	0.48%	1.12%	--	1.12%
ING Solution 2015 Portfolio (Service Class) ⁽¹⁵⁾⁽¹⁶⁾	0.79%	-	0.27%	1.06%	0.02%	1.04%
ING Solution 2025 Portfolio (Service Class) ⁽¹⁵⁾⁽¹⁶⁾	0.84%	-	0.27%	1.11%	0.03%	1.08%
ING Solution 2035 Portfolio (Service Class) ⁽¹⁵⁾⁽¹⁶⁾	0.91%	-	0.27%	1.18%	0.04%	1.14%
ING Solution 2045 Portfolio (Service Class) ⁽¹⁵⁾⁽¹⁶⁾	0.94%	-	0.27%	1.21%	0.04%	1.17%
ING Solution Income Portfolio (Service Class) ⁽¹⁵⁾⁽¹⁶⁾	0.61%	-	0.27%	0.88%	--	0.88%
ING Stock Index Portfolio (Class I) ⁽¹⁷⁾	0.27%	--	--	0.27%	--	0.27%
ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Service Class) ⁽⁶⁾	0.64%	--	0.27%	0.91%	--	0.91%
ING T. Rowe Price Equity Income Portfolio (Service 2) ⁽¹¹⁾⁽¹²⁾	0.66%	0.25%	0.26%	1.17%	0.10%	1.07%
ING T. Rowe Price Growth Equity Portfolio (Service Class) ⁽⁵⁾	0.60%	--	0.40%	1.00%	--	1.00%
ING UBS U.S. Large Cap Equity Portfolio (Service Class) ⁽⁵⁾	0.70%	--	0.40%	1.10%	--	1.10%
ING Van Kampen Comstock Portfolio (Service Class) ⁽⁷⁾	0.60%	--	0.60%	1.20%	0.07%	1.13%
ING Van Kampen Equity and Income Portfolio (Service Class) ⁽⁶⁾	0.55%	--	0.27%	0.82%	--	0.82%
ING Van Kampen Growth and Income Portfolio (Service 2) ⁽¹¹⁾⁽¹²⁾	0.66%	0.25%	0.26%	1.17%	0.10%	1.07%
ING VP Financial Services Portfolio (Class I) ⁽¹⁸⁾⁽¹⁹⁾	0.75%	--	0.25%	1.00%	0.20%	0.80%
ING VP Global Science and Technology Portfolio (Class I) ⁽²⁰⁾⁽²¹⁾	0.95%	--	0.10%	1.05%	--	1.05%
ING VP Growth and Income Portfolio (Class I) ⁽²⁰⁾	0.50%	--	0.08%	0.58%	--	0.58%
ING VP Growth Portfolio (Class I) ⁽²⁰⁾⁽²¹⁾	0.60%	--	0.09%	0.69%	--	0.69%

Fund Name	Management (Advisory) Fees	12b-1 Fee	Other Expenses	Total Annual Fund Operating Expenses	Fees and Expenses Waived or Reimbursed	Net Annual Fund Operating Expenses
ING VP Index Plus MidCap Portfolio (Class I) ⁽²⁰⁾⁽²¹⁾	0.40%	--	0.09%	0.49%	--	0.49%
ING VP Intermediate Bond Portfolio (Class I) ⁽²⁰⁾	0.40%	--	0.08%	0.48%	--	0.48%
ING VP International Equity Portfolio (Class I) ⁽²⁰⁾⁽²¹⁾	0.85%	--	0.10%	0.95%	(0.20%)	1.15%
ING VP International Value Portfolio (Class I) ⁽¹⁸⁾⁽¹⁹⁾	1.00%	--	0.22%	1.22%	0.22%	1.00%
ING VP MagnaCap Portfolio (Class I) ⁽¹⁸⁾⁽¹⁹⁾	0.75%	--	0.29%	1.04%	0.14%	0.90%
ING VP MidCap Opportunities Portfolio (Class I) ⁽¹⁸⁾⁽¹⁹⁾	0.75%	--	0.21%	0.96%	0.02%	0.94%
ING VP Money Market Portfolio (Class I) ⁽²⁰⁾	0.25%	--	0.09%	0.34%	--	0.34%
ING VP Natural Resources Trust ⁽²²⁾⁽²³⁾	1.00%	--	0.33%	1.33%	--	1.33%
ING VP Real Estate Portfolio (Class I) ⁽¹⁸⁾⁽¹⁹⁾	0.80%	--	0.45%	1.25%	0.20%	1.05%
ING VP Small Company Portfolio (Class I) ⁽²⁰⁾⁽²¹⁾	0.75%	--	0.09%	0.84%	--	0.84%
ING VP SmallCap Opportunities Portfolio (Class I) ⁽¹⁸⁾⁽¹⁹⁾	0.75%	--	0.19%	0.94%	0.04%	0.90%
ING VP Strategic Allocation Balanced Portfolio (Class I) ⁽²⁰⁾⁽²¹⁾	0.60%	--	0.10%	0.70%	--	0.70%
ING VP Strategic Allocation Growth Portfolio (Class I) ⁽²⁰⁾⁽²¹⁾	0.60%	--	0.10%	0.70%	--	0.70%
ING VP Strategic Allocation Income Portfolio (Class I) ⁽²⁰⁾⁽²¹⁾	0.60%	--	0.10%	0.70%	0.05%	0.65%
ING VP Value Opportunity Portfolio (Class I) ⁽²⁰⁾⁽²¹⁾	0.60%	--	0.09%	0.69%	--	0.69%
Lord Abbett Series Fund - Growth and Income Portfolio (Class VC)	0.50%	--	0.39%	0.89%	--	0.89%
Lord Abbett Series Fund - Mid-Cap Value Portfolio (Class VC)	0.75%	--	0.42%	1.17%	--	1.17%
Oppenheimer Aggressive Growth Fund/VA	0.67%	--	0.02%	0.69%	--	0.69%
Oppenheimer Main Street Small Cap Fund®/VA	0.75%	--	0.08%	0.83%	--	0.83%
PIMCO VIT - Real Return Portfolio ⁽²⁴⁾	0.25%	--	0.40%	0.65%	--	0.65%
Pioneer Equity Income VCT Portfolio (Class I)	0.65%	--	0.07%	0.72%	--	0.72%
Pioneer High Yield VCT Portfolio (Class I)	0.65%	--	0.13%	0.78%	--	0.78%
Wanger Select ⁽²⁵⁾⁽²⁶⁾	0.85%	--	0.15%	1.00%	--	1.00%
Wanger U.S. Smaller Companies ⁽²⁷⁾	0.91%	--	0.08%	0.99%	--	0.99%

Footnotes to "Fund Expense Table"

- (1) The Company may receive compensation from each of the funds or the funds' affiliates based on an annual percentage of the average net assets held in that fund by the Company. The percentage paid may vary from one fund company to another. For certain funds, some of this compensation may be paid out of 12b-1 fees or service fees that are deducted from fund assets. Any such fees deducted from fund assets are disclosed in this Fund Expense Table and the fund prospectuses. The Company may also receive additional compensation from certain funds for administrative, recordkeeping or other services provided by the Company to the funds or the funds' affiliates. These additional payments may also be used by the company to finance distribution. These additional payments are made by the funds or the funds' affiliates to the Company and do not increase, directly or indirectly, the fees and expenses shown above. See "Fees - Fund Fees and Expenses" for additional information.

- (2) In the case of fund companies affiliated with the Company, where an affiliated investment adviser employs subadvisers to manage the funds, no direct payments are made to the Company or the affiliated investment adviser by the subadvisers. Subadvisers may provide reimbursement for employees of the Company or its affiliates to attend business meetings or training conferences. The investment management fee shown in the fee table is apportioned between the Company or other affiliated investment adviser and subadviser. This apportionment varies by subadviser, resulting in varying amounts of revenue retained by the investment adviser. This apportionment of the investment advisory fee does not increase, directly or indirectly, the fees and expenses shown above. See "Fees - Fund Fees and Expenses" for additional information.
- (3) While the maximum amount payable under the Fund's class rule 12b-1 plan is 0.35% per year of the Fund's class average annual net assets, the Board has set the current rate at 0.25% per year.
- (4) The manager had agreed in advance to reduce its fee to reflect reduced services resulting from the fund's investment in a Franklin Templeton money fund. This reduction is required by the fund's Board of Trustees and an exemptive order by the SEC. The Fund's fiscal year end is April 30.
- (5) Other Expenses include a Shareholder Services fee of 0.25%.
- (6) Other Expenses include a Shareholder Services fee of 0.25%. Effective December 1, 2004, Management (Advisory) Fees were restated to reflect a decrease as follows: from 0.80% to 0.64% for ING American Century Select Portfolio; from 0.70% to 0.64% for ING Salomon Brothers Large Cap Growth Portfolio; from 0.85% to 0.64% for ING T. Rowe Price Diversified Mid Cap Growth Portfolio; and from 0.85% to 0.55% for ING Van Kampen Equity and Income Portfolio. Effective December 1, 2004, the administrative fees (included in Other Expenses) were restated to reflect an increase/decrease as follows: from 0.20% to 0.02% for ING American Century Select Portfolio, ING T. Rowe Price Diversified Mid Cap Growth Portfolio and ING Van Kampen Equity and Income Portfolio; from 0.60% to 0.06% for ING Oppenheimer Global Portfolio, and from 0.20% to 0.23% for ING Salomon Brothers Large Cap Growth Portfolio.
- (7) Other Expenses include a Shareholder Services fee of 0.25%. The Administrator of the Fund has contractually agreed to waive all or a portion of its administrative services fees and/or reimburse administrative expenses for ING American Century Small Cap Value, ING Baron Small Cap Growth, and ING Van Kampen Comstock Portfolios so that the Net Annual Fund Operating Expenses for these Portfolios shall not exceed 1.55%, 1.45%, and 1.13%, respectively, through May 1, 2006. Without this waiver, the Net Annual Fund Operating Expenses would be 1.65% for ING American Century Small Cap Value, 1.50% for ING Baron Small Cap Growth and 1.20% for ING Van Kampen Comstock Portfolios.
- (8) This table shows the estimated operating expenses for the Portfolios as a ratio of expenses to average daily net assets for the current fiscal year. Because the Portfolios are new, Other Expenses are estimated for the current fiscal year. This table reflects the aggregate annual operating expenses of each Portfolio and its corresponding Master Fund (Fidelity® VIP Contrafund® Portfolio, Fidelity® VIP Equity-Income Portfolio, Fidelity® VIP Growth Portfolio, and Fidelity® VIP Mid Cap Portfolio). Each Master Fund pays Fidelity Management & Research Company (FMR), the investment adviser to the Master Funds, a management fee for advisory expenses at current asset levels of the Master Funds of 0.58%, 0.48%, 0.58% and 0.58%, respectively. Pursuant to its investment management agreement with the Fund, ING Life Insurance and Annuity Company (ILIAC), as the Fund's adviser, may charge an annual advisory fee at asset levels that are the same as the current asset levels of the corresponding Master Fund if the respective Portfolio does not invest substantially all of its assets in another investment company. Each Portfolio anticipates investing substantially all of its assets in another investment company.
- (9) Service Class 2 shares of each Master Fund pay 0.25% of average net assets annually under a Distribution and Service Plan pursuant to Rule 12b-1. Shareholders of the Service Class 2 shares of the Master Funds, including the Portfolios, pay only their proportionate share of the Master Fund's Rule 12b-1 plan expenses. Each of the Fidelity® VIP Contrafund® Portfolio, Fidelity® VIP Equity-Income Portfolio, Fidelity® VIP Growth Portfolio, and Fidelity® VIP Mid Cap Portfolio paid Other Expenses of 0.10%, 0.09%, 0.09%, and 0.12%, respectively, of average net assets during the most recent fiscal year. In addition, while a Portfolio invests substantially all of its assets in another investment company, ING Funds Services, LLC will charge an administration fee (included in Other Expenses) of 0.05% of average daily net assets for that Portfolio. Pursuant to its administration agreement with the Fund, ING Funds Services, LLC may receive an annual administration fee equal to 0.15%, 0.14%, 0.14% and 0.17%, respectively, of average daily net assets for ING Fidelity® VIP Contrafund® Portfolio, ING Fidelity® VIP Equity-Income Portfolio, ING Fidelity® VIP Growth Portfolio, and ING Fidelity® VIP Mid Cap Portfolio, if the respective Portfolio does not invest substantially all of its assets in another investment company. Each Portfolio anticipates investing substantially all of its assets in another investment company. Also included in Other Expenses is a Shareholder Services fee of 0.25% for each Portfolio.
- (10) FMR, the investment adviser to the Master Funds, has voluntarily agreed to reimburse Service Class 2 shares of each Master Fund to the extent that total operating expenses (excluding certain items), as a percentage of their respective net assets, exceed 1.25%. These arrangements may be discontinued by FMR at any time. In addition, a portion of the brokerage commissions that each Master Fund pays may be reimbursed and used to reduce that Master Fund's expenses. See the Fund's prospectus for more detailed information regarding these reductions. Taking these reductions into account, the total operating expenses for Service Class shares of ING Fidelity® VIP Contrafund® Portfolio, ING Fidelity® VIP Equity-Income Portfolio, ING Fidelity® VIP Growth Portfolio, and ING Fidelity® VIP Mid Cap Portfolio would be 1.20%, 1.11%, 1.19% and 1.23%, respectively.

- (11) The amounts shown are estimated operating expenses for Service 2 shares of each Portfolio as a ratio of expenses to average daily net assets based on each Portfolio's actual operating expenses for Service 2 shares for its most recently completed fiscal year, as adjusted for contractual changes, if any, and fee waivers to which Directed Services, Inc. (DSI) as adviser to each Portfolio, has agreed for each Portfolio for the current fiscal year. Other Expenses for each Portfolio include a Shareholder Services fee of 0.25%. DSI has contractually agreed to waive 0.10% of the distribution fee for Service 2 shares of the Portfolios, so that the actual fee paid by a Portfolio is an annual rate of 0.15%. Absent this waiver, the distribution fee is 0.25% of net assets. The expense waiver will continue through at least May 1, 2006. There is no guarantee that this waiver will continue after this date. Through a "bundled fee" arrangement, DSI, the Trust's manager, is paid a single fee for advisory, administrative, custodial, transfer agency, auditing and legal services necessary for the ordinary operation of the Portfolios. The Portfolios would also bear any extraordinary expenses.
- (12) A portion of the brokerage commissions that the ING Legg Mason Value, ING Marsico Growth, ING MFS Total Return, ING T. Rowe Price Equity Income and ING Van Kampen Growth and Income Portfolios pay is used to reduce each Portfolio's expenses. Including these reductions, the Total Annual Fund Operating Expenses for each Portfolio for the year ended December 31, 2004 was 1.21%, 1.15%, 1.03%, 1.06%, and 1.07%, respectively. This arrangement may be discontinued at any time.
- (13) Directed Services, Inc. (DSI), the adviser, has contractually agreed to waive a portion of the management fee for the Portfolio. Based upon net assets as of December 31, 2004, the management fee waiver for the Portfolio would equal 0.05% for ING Mercury Large Cap Growth Portfolio. This expense waiver will continue through at least May 1, 2006. There is no guarantee that this waiver will continue after this date. This agreement will only renew if DSI elects to renew it.
- (14) Based on estimated expenses for the current fiscal year. Other Expenses include a Shareholder Services fee of 0.25%. The Distributor of the Fund has contractually agreed to waive all or a portion of its Shareholder Services fee and/or reimburse the Shareholder Services fee for the Portfolio so that Net Annual Fund Operating Expenses do not exceed 0.75% through May 1, 2006. Without this waiver, the Net Annual Fund Operating Expenses would be 0.79%.
- (15) The Portfolio is structured as a fund of funds, and invests directly in shares of underlying funds. See "Fees - Fund Expenses" for additional information. The table reflects net operating expenses paid directly and indirectly by each Portfolio. Other Expenses include a Shareholder Services fee of 0.25%. Shareholders of a Portfolio will indirectly bear the expenses of an Underlying Fund based upon the percentage of a Portfolio's assets that is allocated to the Underlying Fund. Because the annual net operating expenses of each Underlying Fund, and a Portfolio's allocation to that Underlying Fund, will vary from year to year, the expenses paid by a Portfolio may vary from year to year. These expense ratios are estimates based on the target allocations among the Underlying Funds based upon information in the fee tables of their prospectuses, which in turn, are based on financial results for the year ended December 31, 2004. For information regarding expenses of the Underlying Funds, see the Fund's prospectus. Other Expenses are estimated for each Portfolio's current fiscal year. Operating expenses are shown without allocations to the Fixed Account. Estimated net operating expenses for the Service Class shares including allocations to the Fixed Account would be 0.83% for ING Solution Income Portfolio; 0.96% for ING Solution 2015 Portfolio; 1.06% for ING Solution 2025 Portfolio; 1.14% for ING Solution 2035 Portfolio; and 1.17% for ING Solution 2045. See the Fund's prospectus for further information regarding investment into the Fixed Account and expenses including the Fixed Account.
- (16) The Fund's adviser has entered into a written expense limitation agreement with respect to each Portfolio under which it will limit expenses of the Solutions Portfolios, excluding interest, taxes, brokerage and extraordinary expenses, subject to possible recoupment by the Fund's adviser within three years. The amount of each Portfolio's expenses that are proposed to be waived or reimbursed in the ensuing fiscal year is shown under the heading Fees and Expenses Waived or Reimbursed. The expense limitation agreement will continue through at least May 1, 2006. For further information regarding the expense limitation agreements, see the Fund's prospectus.
- (17) The amounts shown are estimated operating expenses for Class I shares of the Portfolio as a ratio of expenses to average daily net assets. These estimates are based on the Portfolio's actual operating expenses for Class I shares for its most recently completed fiscal year, as adjusted for contractual changes, if any, and fee waivers to which DSI, as adviser to the Portfolio, has agreed for the Portfolio for the current fiscal year. Through a "bundled fee" arrangement, DSI, the Trust's manager, is paid a single fee for advisory, administrative, custodial, transfer agency, auditing and legal services necessary for the ordinary operation of the Portfolio. The Portfolios would also bear any extraordinary expenses.
- (18) The amounts shown are the estimated operating expenses for Class I shares of the Portfolio as a ratio of expenses to average daily net assets. With the exception of ING VP Financial Services Portfolio and ING VP Real Estate Portfolio, these estimates are based on each Portfolio's actual operating expenses for its most recently completed fiscal year, as adjusted for contractual changes, if any, and fee waivers to which ING Investments, LLC, the investment adviser to each Portfolio, has agreed for each Portfolio for the current fiscal year. For ING VP Financial Services Portfolio and ING VP Real Estate Portfolio, which have not had a full year of operations, as of December 31, 2004, expenses are based on estimated amounts for the current fiscal year.

- (19) ING Funds Services, LLC receives an annual administration fee (included in Other Expenses) equal to 0.10% of each Portfolio's average daily net assets. ING Investments, LLC has entered into a written expense limitation agreement with ING Variable Products Trust under which it will limit expenses of the Portfolios, excluding interest, taxes, brokerage and extraordinary expenses, subject to possible recoupment by ING Investments, LLC within three years. The amount of each Portfolio's expenses waived, reimbursed or recouped during the last fiscal year by ING Investments, LLC is shown under the heading Fees and Expenses Waived or Reimbursed. The amount of expenses proposed to be waived during the current fiscal year by ING Investments, LLC for ING VP Financial Services Portfolio and ING VP Real Estate Portfolio, are shown under the heading Fees and Expenses Waived or Reimbursed. For each Portfolio, the expense limits will continue through at least May 1, 2006. For further information regarding the expense limitation agreements, see the Fund's prospectus.
- (20) The amounts shown are estimated operating expenses for Class I shares of each Portfolio as a ratio of expenses to average daily net assets. These estimates are based on each Portfolio's actual operating expenses for its most recently completed fiscal year, adjusted for contractual changes, if any, and fee waivers to which ING Investments, LLC, the investment adviser to each Portfolio, has agreed for each Portfolio. ING Funds Services, LLC receives an annual administrative fee (included in Other Expenses) equal to 0.055% on the first \$5 billion of daily net assets and 0.03% thereafter.
- (21) ING Investments, LLC, the investment adviser to each Portfolio, has entered into written expense limitation agreements with each Portfolio under which it will limit expenses of the Portfolios, excluding interest, brokerage and extraordinary expenses, subject to possible recoupment by ING Investments, LLC within three years. The amount of each Portfolio's expenses waived, reimbursed or recouped during the last fiscal year is shown under the heading Fees and Expenses Waived or Reimbursed. Recoupments are shown as negative numbers under Fees and Expenses Waived or Reimbursed. The expense limits will continue through at least May 1, 2006. For further information regarding the expense limitation agreements, see the Fund's prospectus.
- (22) The amounts shown are the estimated operating expenses for shares of the fund as a ratio of expenses to average daily net assets. These estimates are based on the Fund's actual operating expenses for its most recently completed fiscal year, as adjusted for contractual changes, if any, and fee waivers to which ING Investments, LLC, the Fund's investment adviser, has agreed.
- (23) ING Funds Services, LLC receives an annual administration fee (included in Other Expenses) equal to 0.10% of the Fund's average daily net assets. ING Investments, LLC has entered into a written expense limitation agreement with the Fund under which it will limit expenses of the Fund, excluding interest, taxes, brokerage and extraordinary expenses, subject to possible recoupment by ING Investments, LLC within three years. The amount of the Fund's expenses waived, reimbursed or recouped during the last fiscal year by ING Investments, LLC is shown under the heading Fees and Expenses Waived or Reimbursed. The expense limit is 2.50% for the Fund. The expense limits will continue through at least May 1, 2006. In addition, effective January 1, 2005, pursuant to a side agreement which is not reflected in the fund expense table, ING Investments, LLC has lowered the expense limit to 1.18% for ING VP Natural Resources Trust through at least December 31, 2005. There is no guarantee that this side agreement will continue after that date. Any fees waived pursuant to the side agreement shall not be eligible for recoupment. For further information regarding the expense limitation agreements, see the Fund's prospectus.
- (24) Other Expenses reflect an administrative fee of 0.10% and a service fee of 0.15%. PIMCO has contractually agreed, for the Portfolio's current fiscal year (12/31), to reduce total annual portfolio operating expenses for the Administrative Class shares to the extent they would exceed, due to the payment of Trustees' fees, 0.65% of average daily net assets. Under the Expense Limitation Agreement, which renews annually unless terminated by PIMCO upon 30 days' notice, PIMCO may recoup these waivers and reimbursements in future periods, not exceeding three years, provided total expenses, including such recoupment, do not exceed the annual expense limit. Ratio of net expenses to average net assets excluding interest expense is 0.65%.
- (25) Management fees have been restated to reflect contractual changes to the management fee for the Fund as of February 10, 2005. Previously, the Adviser had waived a portion of its fees so that those fees were retained at the following rate: 0.85%. The fee waiver was effective as of February 10, 2005 but applied as if it had gone into effect on December 1, 2004. If the fee waiver had not been implemented as noted above, actual expenses of the Fund would be as follows: management fee, 0.95%; other expenses, 0.15%; and total operating expenses, 1.10%.
- (26) The Adviser has undertaken to limit Wanger Select's annual expenses to 1.35% of its average net assets. This expense limitation is contractual and will terminate on April 30, 2006.
- (27) Management fees have been restated to reflect contractual changes to the management fee for the Fund as of February 10, 2005. Previously, the Adviser had waived a portion of its fees so that those fees were retained at the following rates: 0.99% of net assets up to \$100 million; 0.94% of the next \$150 million; and 0.89% of net assets in excess of \$250 million. The fee waiver was effective as of February 10, 2005 but applied as if it had gone into effect on December 1, 2004. If the fee waiver had not been implemented as noted above, actual expenses of the Fund would be as follows: management fee, 0.92%; other expenses, 0.08%; and total operating expenses, 1.00%.

Hypothetical Examples

The following Examples are 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 including the maximum annual contract charge of \$35 (converted to a percentage of assets equal to 0.158%), and fund fees and expenses. Specifically, the Examples assume election of the Annual Stepped Up Death Benefit and the optional MGWB rider. The Examples therefore assume the maximum and minimum fees and expenses of the Eligible Funds, and also assume that withdrawals are taken at the end of the year and do not exceed the Annual Withdrawal Amount. The Examples also assume that no Reset is taken in year 5 because the contract value does not exceed the Guaranteed Withdrawal Base.

Example 1: The following Examples assume that you invest \$10,000 in the contract for the time periods indicated. The Examples also assume that your investment has a 5% return each year and assume the **maximum** fees and expenses of any of the Eligible Funds available as listed in the "Total Annual Fund Operating Expenses" column in the fund expense table above. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

(A) If you withdraw your entire contract value at the end of the applicable time period:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$1,120	\$1,746	\$2,292	\$4,172

(B) If you do not withdraw your entire contract value or if you select an income phase payment option at the end of the applicable time period:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$490	\$1,423	\$2,292	\$4,172

Example 2: The following Examples assume that you invest \$10,000 in the contract for the time periods indicated. The Examples also assume that your investment has a 5% return each year and assume the **minimum** fees and expenses of any of the Eligible Funds available as listed in the "Total Annual Fund Operating Expenses" column in the fund expense table above. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

(A) If you withdraw your entire contract value at the end of the applicable time period:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$1,087	\$1,659	\$2,156	\$3,963

(B) If you do not withdraw your entire contract value or if you select an income phase payment option at the end of the applicable time period:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$457	\$1,333	\$2,156	\$3,963

Condensed Financial Information

Understanding Condensed Financial Information. As of December 31, 2004, we had not begun selling the contracts and the subaccounts did not have any assets attributable to the contracts. Therefore, no condensed financial information is presented herein.

Investment Options

The contracts offer variable investment options and up to two fixed interest options. Fixed Account D is available in flexible premium series contracts only.

Variable Investment Options. These options are called subaccounts. The subaccounts are within Separate Account N, a separate account of the Company. Each subaccount invests in a specific mutual fund. You do not invest directly in or hold shares of the funds.

- ▷ **Mutual Fund (fund) Descriptions:** We provide brief descriptions of the funds in Appendix IV. Refer to the fund prospectuses for additional information. Fund prospectuses may be obtained, free of charge, from our administrative service center at the address and phone number listed in "Contract Overview-Questions: Contacting the Company," by accessing the SEC's web site or by contacting the SEC Public Reference Room.

Eligible Funds. If you have selected the MGAB rider or the MGWB rider, you must remain invested at all times in one or more of the Eligible Funds in order to receive the benefits of these riders (other than during the free look period, when we may require you to invest in the money market option). As of the date of this prospectus, the following funds have been designated as Eligible Funds: ING Solution 2015 Portfolio, ING Solution 2025 Portfolio, ING Solution 2035 Portfolio, ING Solution 2045 Portfolio, and ING Solution Income Portfolio. Failure to remain so invested will result in the termination of the applicable rider, and no charges deducted under the rider will be refunded. Accordingly, you should not purchase one of these riders if you do not believe that you will be comfortable remaining invested in one or more of the Eligible Funds during the entire time the rider is in effect.

Fixed Interest Options. For a description of the fixed interest options, see Appendix I.

Selecting Investment Options

- **Choose options appropriate for you.** Your sales representative can help you evaluate which investment options may be appropriate for your financial goals.
- **Understand the risks associated with the options you choose.** Some subaccounts invest in funds that are considered riskier than others. Funds with additional risks are expected to have values that rise and fall more rapidly and to a greater degree than other funds. For example, funds investing in foreign or international securities are subject to risks not associated with domestic investments, and their investment performance may vary accordingly. Also, funds using derivatives in their investment strategy may be subject to additional risks.
- **Be informed.** Read this prospectus, the fund prospectuses and Appendix I.

Limits on Availability of Options. We may add, withdraw or substitute funds, subject to the conditions in your contract and compliance with regulatory requirements. See "Other Topics-Contract Modifications - Addition, Deletion or Substitution of Fund Shares." We may also discontinue the availability of fixed interest options for new purchase payments and/or for transfers. Some subaccounts or fixed interest options may not be available in all contracts or in some states.

Limits on How Many Investment Options You May Select. Generally you may select no more than 18 investment options at any one time during the accumulation phase of your contract. Each subaccount and each fixed account selected counts towards this 18 investment option limit.

Limits Imposed by Underlying Funds. Orders for the purchase of fund shares may be subject to acceptance or rejection by the underlying fund. We reserve the right to reject, without prior notice, any allocation of a purchase payment to a subaccount if the subaccount's investment in its corresponding fund is not accepted by the fund for any reason.

Reinvestment. The funds described in this prospectus have, as a policy, the distribution of income, dividends and capital gains. There is, however, an automatic reinvestment of such distributions under the contracts described in this prospectus.

Insurance-Dedicated Funds. (*Mixed and Shared Funding*) The funds described in this prospectus are available only to insurance companies for their variable contracts. Such funds are often referred to as "insurance-dedicated funds," and are used for "mixed" and "shared" funding.

"Mixed funding" occurs when shares of a fund, which the subaccounts buy for variable annuity contracts, are bought for variable life insurance contracts issued by us or other insurance companies.

"Shared funding" occurs when shares of a fund, which the subaccounts buy for variable annuity contracts, are also bought by other insurance companies for their variable annuity contracts.

- ▷ Mixed-bought for annuities and life insurance.
- ▷ Shared-bought by more than one company.

Possible Conflicts of Interest. It is possible that a conflict of interest may arise due to mixed and shared funding, a change in law affecting the operations of variable annuity separate accounts, differences in the voting instructions of the contract holder and others maintaining a voting interest in the funds, or some other reason. Such a conflict could adversely impact the value of a fund. For example, if a conflict of interest occurred and one of the subaccounts withdrew its investment in a fund, the fund may be forced to sell its securities at disadvantageous prices, causing its share value to decrease. Each fund's board of directors or trustees will monitor events in order to identify any material irreconcilable conflicts which may arise and to determine what action, if any, should be taken to address such conflicts. In the event of a conflict, the Company will take any steps necessary to protect contract holders and annuitants maintaining a voting interest in the funds, including the withdrawal of Separate Account N from participation in the funds which are involved in the conflict.

Transfers Among Investment Options

Transfers among the fixed interest options are subject to the following conditions:

- During the accumulation phase you may transfer amounts among the available subaccounts, and from the subaccounts to Fixed Account D (for flexible premium series contracts).
- Amounts may be transferred from the DCA Fixed Account to one or more subaccounts only, and requires participation in the dollar cost averaging program.
- The DCA Fixed Account is only available for purchase payments.
- Transfers to the DCA Fixed Account are not allowed.
- The amount available for transfer from Fixed Account D to the subaccounts is limited (see Appendix I).
- Fixed Account D is available only through flexible premium series contracts.
- The DCA Fixed Account may be available under both types of contracts.
- The DCA Fixed Account is not available if you have selected one of the optional living benefit riders.

We do not currently charge a transfer fee. However, we reserve the right to charge a fee of \$25 for each transfer and to limit the number of transfers, as well as establish minimum and maximum amounts for transfers. We also reserve the right to transfer the entire amount remaining in a subaccount in the event that a transfer request would bring this remaining amount below a specified amount.

Optional Living Benefit Riders. If you have elected the MGAB rider or MGWB rider, you are limited to investment in the Eligible Funds (other than during the free look period, when we may require you to invest in the money market option). While we will not restrict your ability to invest or transfer to other funds, if you do so, the applicable rider will be terminated. Accordingly, you should not purchase one of these riders if you do not believe that you will be comfortable remaining invested in one or more of the Eligible Funds during the entire time the rider is in effect. See "Optional Living Benefit Riders;" see also "Appendix II - Eligible Funds."

Transfer Requests. Requests may be made in writing, by telephone (where allowed) and under the dollar cost averaging and automatic reallocations programs.

Limits Imposed by Underlying Funds. Orders for the purchase of fund shares may be subject to acceptance or rejection by the underlying fund. We reserve the right to reject, without prior notice, any allocation of a purchase payment to a subaccount if the subaccount's investment in its corresponding fund is not accepted by the fund for any reason.

Limits on Frequent or Disruptive Transfers. The contract is not designed to serve as a vehicle for frequent trading. Frequent trading can disrupt management of a fund and raise its expenses through: 1) increased trading and transaction costs; 2) forced and unplanned portfolio turnover; 3) lost opportunity costs; and 4) large asset swings that decrease the fund's ability to provide maximum investment return to all contract holders and participants. This in turn can have an adverse effect on fund performance. Accordingly, individuals or organizations that use market-timing investment strategies and make frequent transfers should not purchase the contract.

We monitor transfer activity. With regard to frequent transfers, in the event that an individual's or organization's transfer activity:

- 1) exceeds our then-current monitoring standard for frequent trading;
- 2) is identified as problematic by an underlying fund even if the activity does not exceed our monitoring standard for frequent trading; or
- 3) if we determine in our sole discretion that such transfer activity may not be in the best interests of other contract holders,

we will take the following actions to deter such activity. Upon the first violation, we will send a one time warning letter. A second violation will result in the suspension of trading privileges via facsimile, telephone, email and Internet, and limit trading privileges to submission by regular U.S. mail for a period of six months. At the end of that period, trading privileges will be reinstated. If there is another violation after such rights are reinstated, we will suspend such privileges permanently. We will notify you in writing if we take any of these actions.

Additionally, if such activity is initiated by a market-timing organization or individual or other party authorized to give transfer instructions on behalf of multiple contract owners, we will also take the following actions, without prior notice: (1) not accepting transfer instructions from an agent acting on behalf of more than one contract holder; and (2) not accepting preauthorized transfer forms from market timers or other entities acting on behalf of more than one contract holder at a time.

Our current definition of frequent trading is more than one purchase and sale of the same underlying fund within a 30-day period. We do not count transfers associated with scheduled dollar cost averaging or automatic rebalancing programs and transfers involving certain de minimis amounts when determining whether trading activity is excessive. We reserve the right to modify our general standard, or the standard as it may apply to a particular fund, at any time without prior notice, depending on, among other factors, the needs of the underlying fund(s), the best interests of contract holders and fund investors and/or state or federal regulatory requirements. If we modify such standard, it will be applied uniformly to all contract holders or, as applicable, to all contract holders investing in the underlying fund.

In addition, if, due to the excessive dollar amounts of trades, even though not within our then current definition of frequent trading, an individual's or organization's transfer activity is determined, in our sole discretion, to be disruptive, we will take the same actions as are described above to limit frequent transfers.

The Company does not allow waivers to the above policy. Our excessive trading policy may not be completely successful in preventing market timing or excessive trading activity. If it is not completely successful, fund performance and management may be adversely affected, as noted above.

Value of Your Transferred Dollars. The value of amounts transferred into or out of subaccounts will be based on the subaccount unit values next determined after we receive your transfer request in good order at our administrative service center or, if you are participating in the dollar cost averaging or automatic reallocation programs, after your scheduled transfer or reallocation.

Telephone and Electronic Transactions: Security Measures. Telephone transactions may be available when you complete a telephone reallocation form and a personal identification number (PIN) has been assigned. To prevent fraudulent use of telephone or electronic transactions (including, but not limited to, Internet transactions), we have established security procedures. These may include recording calls on voice recording equipment, requiring completion of a "telephone reallocation" form, written confirmation of telephone instructions and use of a PIN to execute transactions. You are responsible for keeping your PIN and account information confidential. If we fail to follow reasonable security procedures, we may be liable for losses due to unauthorized or fraudulent telephone or other electronic transactions. We are not liable for losses resulting from telephone or electronic instructions we believe to be genuine. If a loss occurs when we rely on such instructions, you will bear the loss.

The Dollar Cost Averaging Program. Dollar cost averaging is an investment strategy whereby you purchase fixed dollar amounts of an investment at regular intervals, regardless of price.

Currently, under this program you may elect one of the following transfer options:

DCA Fixed Account. You may direct us to automatically transfer amounts invested in the DCA Fixed Account to any one or more of the subaccounts over a specified period of time. Transfers from the DCA Fixed Account to Fixed Account D are not allowed. Only purchase payments may be allocated to the DCA Fixed Account.

- ▷ Transfers from the DCA Fixed Account are made on a monthly basis.
- ▷ We reserve the right to limit your participation in the DCA Fixed Account to once over the life of the contract.
- ▷ Currently, transfers of substantially equal amounts are made over a period of six or twelve months. Other periods may also be available from time to time.
- ▷ The DCA Fixed Account is not available if you have selected an optional living benefit rider.
- ▷ You may have only one dollar cost averaging term at any one time.
- ▷ The minimum initial deposit to a DCA Fixed Account term is \$5,000.
- ▷ If the dollar cost averaging program is discontinued prior to the end of the chosen term, the remaining balance of the DCA Fixed Account will be transferred to Fixed Account D if available under your contract. If Fixed Account D is not available, then such amounts will be transferred to the money market subaccount, unless you direct otherwise.
- ▷ If the contract owner dies while dollar cost averaging from the DCA Fixed Account and the surviving spouse elects to continue the contract, the dollar cost averaging program will continue according to its terms, and the DCA Fixed Account will remain available for allocation of purchase payments, subject to any restrictions on the program.

Dollar cost averaging from the DCA Fixed Account will be automatically discontinued in the event that:

1. Death benefit proceeds become payable;
2. The contract is terminated; or
3. The contract owner elects to begin receiving income phase payments.

Interest Only. You may direct us to automatically transfer credited interest only from amounts invested in Fixed Account D (for flexible premium series contracts) to any one or more of the subaccounts.

- ▷ Only automatic transfers of 100% of interest earned are allowed, and transfers to the DCA Fixed Account are not allowed. We will only transfer interest that is earned after you have elected this option. Reallocations may be made on a monthly, quarterly, semi-annual or annual basis.
- ▷ To elect transfers of this type, your contract value must be at least \$10,000 and the Fixed Account D value must be at least \$5,000. We reserve the right to discontinue these transfers when the Fixed Account D value becomes less than \$5,000.
- ▷ Amounts transferred are subject to and are counted toward the 20% limit on amounts that may be transferred from Fixed Account D in any rolling 12-month period. See Appendix I.

Dollar cost averaging neither ensures a profit nor guarantees against loss in a declining market. You should consider your financial ability to continue purchases through periods of low price levels. Transfers made under this program do not count as transfers when determining the number of free transfers that may be made each contract year. Dollar cost averaging may be subject to additional restrictions or requirements. To obtain an application form or for additional information about this program, contact your sales representative or call us at the number listed in "Contract Overview-Questions: Contacting the Company."

We reserve the right to discontinue, modify or suspend the dollar cost averaging program.

The Automatic Reallocation Program (Account Rebalancing). Account rebalancing allows you to reallocate your contract value to match the investment allocations you originally selected by transferring contract values from the subaccounts that have increased in value to those subaccounts that have declined in value or increased in value at a slower rate. Only contract values invested in the subaccounts may be rebalanced. We automatically transfer your contract value on each quarterly anniversary of the date we established your account (or any other date as we allow). Account rebalancing neither ensures a profit nor guarantees against loss in a declining market.

There is currently no additional charge for this program and transfers made under this program do not count as transfers when determining the number of free transfers that may be made each contract year. You are eligible to participate in this program if your contract value is at least \$10,000. To apply, you must complete an application you may obtain by writing to us at the address listed in "Contract Overview-Questions: Contacting the Company." You must choose the applicable subaccounts and the percentage of contract value to be maintained on a quarterly basis in each subaccount. All values in a selected subaccount will be available for rebalancing.

You may instruct us at any time to terminate this program by written request to us at the address listed in "Contract Overview - Questions: Contacting the Company." Any value in a subaccount that has not been reallocated will remain in that subaccount regardless of the percentage allocation, unless you instruct us otherwise. If you wish to continue the reallocations after they have been terminated, you must complete an application and have at least \$10,000 of contract value.

We reserve the right to discontinue, modify or suspend the account rebalancing program.

Transfers from the Fixed Accounts. Transfers from Fixed Account D are limited. For more information on transfers from the fixed interest options, see "Appendix I, The Fixed Accounts," and your contract.

Purchase and Rights

Valuation Date: A day that the New York Stock Exchange is open for trading.

Use of an Annuity Contract in your Plan. Under the federal tax laws, earnings on amounts held in annuity contracts are generally not taxed until they are withdrawn. However, in the case of a qualified retirement arrangement (such as a 403(b) contract or an IRA), an annuity contract is not necessary to obtain this favorable tax treatment and does not provide any tax benefits beyond the deferral already available to the tax qualified account itself. However, annuities may provide other features and benefits (such as the guaranteed death benefits and the lifetime income phase options at established rates) that may be valuable to you. You should discuss your alternatives with your financial representative taking into account the additional fees and expenses you may incur in an annuity.

If you are considering an optional death benefit rider and your contract will be an IRA or used in conjunction with a qualified retirement plan, see "Taxation Consequences of Enhanced Death Benefit" in the "Taxation" section.

How to Purchase.

The contract holder may purchase a contract from us by completing an application and making an initial purchase payment or transferring an amount from another investment provider. At purchase, the contract holder also elects whether to purchase an optional death benefit rider and/or optional living benefit rider. Upon our approval we will issue a contract and set up an account.

For nonqualified contracts, the following purchase payment methods are allowed:

- ▷ One lump sum;
- ▷ Periodic payments; or
- ▷ Transfer under Tax Code section 1035.

For IRA and 403(b) contracts, the following purchase payment methods are allowed:

- ▷ One lump sum;
- ▷ Periodic payments; or
- ▷ Rollover or transfer payments, as permitted by the Tax Code.

The minimum periodic purchase payment amount we will accept under the flexible premium series is \$50.

The minimum amount we will accept as an initial transfer under the transfer premium series for 403(b) contracts is \$25,000. The minimum amount we will accept as an initial transfer under the transfer premium series for nonqualified and IRA contracts is \$10,000. The minimum amount we will accept as a subsequent transfer into the transfer premium series contract is \$5,000.

We reserve the right to reject any purchase payment to an existing contract if the purchase payment exceeds \$250,000, or if the purchase payment together with the contract value at the next valuation date exceeds \$1,000,000. Any purchase payment not accepted by the Company will be refunded.

Any reduction of the minimum initial or subsequent purchase payment amount will not be unfairly discriminatory against any person. We will make any such reduction according to our own rules in effect at the time the purchase payment is received. We reserve the right to change these rules from time to time.

Acceptance or Rejection of Your Application. We must accept or reject your application within two business days of receipt. If the application is incomplete, we may hold any forms and accompanying purchase payment(s) for five business days. We may hold purchase payments for longer periods, pending acceptance of the application, only with your permission. If the application is rejected, we will notify you of the reasons and the application and any purchase payments will be returned to you.

Allocating Purchase Payments to the Investment Options. We will allocate your purchase payments among the investment options you select. However, for contracts issued in states that require a refund of all purchase payments made, we will credit the initial purchase payment to the ING VP Money Market portfolio during the right to cancel period, plus five calendar days. See "Right to Cancel." Allocations must be in whole percentages and there are limits on the number of investment options you may select. When selecting investment options you may find it helpful to review the "Investment Options" section.

Factors to Consider in the Purchase Decision. The decision to purchase a contract should be discussed with your financial representative, making sure that you understand the investment options it provides, its other features, the risks and potential benefits you will face, and the fees and expenses you will incur. You should pay attention to the following issues, among others:

1. **Long-Term Investment** - These contracts are long-term investments, and are typically most useful as part of a personal retirement plan. Early withdrawals may be restricted by the Tax Code or your plan, or may expose you to early withdrawal charges or tax penalties. The value of deferred taxation on earnings grows with the amount of time funds are left in a contract. You should not participate in a contract if you are looking for a short-term investment or expect to need to make withdrawals before you are 59½.
2. **Investment Risk** - The value of investment options available under the contracts may fluctuate with the markets and interest rates. You should not participate in a contract in order to invest in these options if you cannot risk getting back less money than you put in.
3. **Features and Fees** - The fees for these contracts reflect costs associated with the features and benefits they provide. As you consider a contract, you should determine the value that these various benefits and features have for you, given your particular circumstances, and consider the charges for those features.
4. **Exchanges** - If a contract will be a replacement for another annuity contract you should compare the two options carefully, compare the costs associated with each, and identify additional benefits available under the contract. You should consider whether these additional benefits justify incurring a new schedule of early withdrawal charges or any other increased charges that might apply under these contracts. Also, be sure to talk to your financial professional or tax adviser to make sure that the exchange will be handled so that it is tax-free.

Other Products. We and our affiliates offer various other products with different features and terms than these contracts that may offer some or all of the same funds. These products have different benefits, fees and charges, and may offer different share classes of the funds offered in this contract that are less expensive. These other products may or may not better match your needs. You should be aware that there are alternative options available, and, if you are interested in learning more about these other products, contact your registered representative.

Right to Cancel

When and How to Cancel. You may cancel your contract within ten days of receipt (some states require more than ten days) by returning it to our administrative service center or to your sales representative along with a written notice of cancellation.

Refunds. We will issue you a refund within seven days of our receipt of your contract and written notice of cancellation. Unless your state requires otherwise, your refund will equal the purchase payments made plus any earnings or minus any losses attributable to those purchase payments allocated among the subaccounts. In other words, where a refund of contributions is not required, you will bear the entire investment risk for amounts allocated among the subaccounts during this period and the amount refunded could be less than the amount paid. We will not deduct an early withdrawal charge, annual contract charge, administrative expense charge, or any rider charges from the amount we return to you. However, any mortality and expense risk charge deducted during the period you held the contract will not be returned. If your state requires, we will refund all purchase payments made, if that amount is higher than your contract value.

For contracts issued in states that require a refund of all purchase payments made or if your contract is issued as an IRA or Roth IRA, we will credit the initial purchase payment to the ING VP Money Market Portfolio subaccount during the right to cancel period, plus five calendar days. If you cancel your contract within ten days of receipt, we will refund all purchase payments made or the contract value, whichever is greater. If you choose to keep the contract, the purchase payments will be then allocated among the investment options you selected.

Optional Living Benefit Riders

Beginning on July 1, 2005, and subject to state availability, you may elect one of the optional living benefit riders, the Minimum Guaranteed Accumulation Benefit ("MGAB") rider or the Minimum Guaranteed Withdrawal Benefit ("MGWB") rider, discussed below. If you have purchased the contract prior to July 1, 2005, you must wait until a contract anniversary after applicable state approval (up to the third contract anniversary) in order to purchase one of these riders. **Only one of these riders may be purchased or in effect at any given time. Each rider has a separate charge.** See "Fees – Optional Living Benefit Riders."

The optional living benefit riders may not be suitable for all investors. You should analyze each rider thoroughly and understand it completely before you select one. The optional living benefit riders do not guarantee any specific return of principal or premium payments and do not guarantee performance of any specific investment portfolio under the contract. If you purchase the MGAB rider, loans may adversely impact the additional amount paid under the rider, and there may be adverse tax consequences from taking a loan while the rider is in effect. You should not purchase the MGWB rider if amounts held under the contract are subject to withdrawal restrictions under the Internal Revenue Code (including but not limited to 403(b) contracts) or subject to any state or plan level withdrawal restrictions. You should consult a qualified financial or tax adviser when evaluating these riders, including purchase of these riders or the election of any applicable Reset.

If you have selected the MGAB rider or the MGWB rider, you must remain invested at all times in one or more of the Eligible Funds in order to receive the benefits of these riders (other than during the free look period, when we may require you to invest in the money market option). See "Eligible Funds" below. Failure to remain so invested will result in the termination of the applicable rider, and no charges deducted under the rider will be refunded. Accordingly, you should not purchase one of these riders if you do not believe that you will be comfortable remaining invested in one or more of the Eligible Funds during the entire time the rider is in effect.

Definitions. The following terms are used in this section:

Adjusted Contract Value (MGAB rider only). The Adjusted Contract Value is equal to the contract value minus the sum of all loan repayments made since the term began, if any (if the contract allows loans), that have been allocated to the subaccounts during that term.

Eligible Funds (MGAB and MGWB riders). As of the date of this prospectus, the ING Solution 2015 Portfolio, the ING Solution 2025 Portfolio, the ING Solution 2035 Portfolio, the ING Solution 2045 Portfolio, and the ING Solution Income Portfolio, as well as such additional funds as we may identify from time to time. You must invest exclusively in one or more of the Eligible Funds during the entire time a rider is in effect.

End of Term Date (MGAB rider only). The date shown on your MGAB rider schedule on which the additional amount is calculated. If that date is not a valuation date, then the End of Term Date is the next valuation date immediately following that date.

Reset (MGAB and MGWB riders). A Reset in the Guaranteed Accumulation Benefit Amount (for the MGAB rider) or the Guaranteed Withdrawal Base and Remaining Guaranteed Balance (for the MGWB rider), to an amount equal to 100% of the contract value, determined as of the Reset Date.

Reset Date (MGAB and MGWB riders). The date shown on the applicable rider schedule on which you may elect a Reset in the Guaranteed Accumulation Benefit Amount (for the MGAB rider) or the Guaranteed Withdrawal Base and Remaining Guaranteed Balance (for the MGWB rider). See "Reset of Guaranteed Accumulation Benefit Amount" and "Reset of Guaranteed Withdrawal Base and Remaining Guaranteed Balance."

Term (MGAB rider only). The period of time specified on the MGAB rider schedule that begins on the effective date of the rider or on a Reset Date.

Valuation Date (MGAB and MGWB riders). Any normal business day, Monday through Friday, on which the New York Stock Exchange is open.

Minimum Guaranteed Accumulation Benefit ("MGAB") Rider. The MGAB rider is an optional living benefit that provides you with a minimum guaranteed accumulation benefit intended to guarantee a minimum contract value at the end of a specified waiting period, called a term. Subject to the terms and conditions outlined below, and as described in your contract rider, we will increase the contract value by an additional amount (see "Additional Amount" in this section) if, at the end of the term, the contract value or Adjusted Contract Value, as applicable, is less than the Guaranteed Accumulation Benefit Amount. The Guaranteed Accumulation Benefit Amount is a calculation used to determine the MGAB amount and related charges only. It does not represent a contract value, nor does it guarantee performance of the subaccounts in which you are invested. It is also not used in determining the amount of your income phase payments, withdrawal value or death benefit values.

The contract offers a 10 year MGAB rider term, which has a 10 year waiting period.

Subject to the restrictions outlined below, the MGAB rider guarantees that your contract value at the end of the 10 year waiting period will be at least equal to the Guaranteed Accumulation Benefit Amount. The Guaranteed Accumulation Benefit Amount is equal to your contract value at the start of the MGAB term, plus 100% of eligible purchase payments (as defined below), reduced pro-rata for partial withdrawals, loans, and partial income phase payments (as described in the "Income Phase Payment Options" section of the prospectus) taken from the contract during the term. The pro-rata adjustment is calculated by multiplying the Guaranteed Accumulation Benefit Amount prior to a withdrawal, loan, or the initiation of partial income phase payments by the fraction (A)/(B), where:

(A) is the amount of the withdrawal (including any applicable early withdrawal charge), loan, or partial income phase payment; and

(B) is the contract value immediately prior to the withdrawal, loan, or partial income phase payment.

The Adjusted Contract Value does not include any loan repayment amounts, or any interest credited on such repayments, and such repayments and interest do not impact the calculation of the Guaranteed Accumulation Benefit Amount.

If the rider is purchased on the issue date of the contract, eligible purchase payments include all purchase payments received during the first contract year. If the rider is purchased on a contract anniversary, eligible purchase payments include all purchase payments received in the contract year following purchase.

For purposes of determining the contract value at the beginning of the term, if the rider is purchased on the issue date of the contract, the contract value is equal to the initial purchase payment, increased by any eligible purchase payments. In this case, the MGAB rider may not be appropriate for you if you plan to make substantial purchase payments after your first contract anniversary, or may be more appropriate if purchased on a subsequent anniversary. If the rider is purchased on a contract anniversary, the initial Guaranteed Accumulation Benefit Amount is equal to the contract value on that contract anniversary, increased by any eligible purchase payments. If you elect a Reset in the Guaranteed Accumulation Benefit Amount, the Guaranteed Accumulation Benefit Amount is equal to the contract value on that contract anniversary and is not increased by any subsequent purchase payments. In this case, the MGAB rider may not be appropriate for you if you plan to make substantial premium payments after the Reset Date.

Purchase. Subject to state availability, the MGAB rider may be purchased on the issue date of the contract, or on the first (1st), second (2nd), or third (3rd) contract anniversary. Purchase of the MGAB rider is subject to the following restrictions:

1. The contract owner and annuitant must be age 80 or younger on the effective date of the MGAB rider;
2. You must invest exclusively in one or more of the Eligible Funds during the entire term;
3. You cannot have an outstanding loan balance under the contract (where allowed);
4. You may not invest in the DCA Fixed Account or any other fixed account which may be available under the contract during the time the MGAB rider is in effect;
5. Your election of the MGAB rider must be received at our administrative service center, in good order, within thirty (30) days after the issue date of the contract or the 1st, 2nd, or 3rd contract anniversary; and
6. You cannot have previously terminated an MGAB rider purchased under the contract.

We reserve the right to make other purchase dates available. The issue date or contract anniversary closest to your election of the MGAB rider is the effective date of the rider.

Charges for the Minimum Guaranteed Accumulation Benefit Rider. We impose a charge for the MGAB rider, which is described in the fee table to this prospectus. Charges for the rider may change if you have elected a Reset. The charge will never exceed the charge in effect for new issues of the same rider, and will not result in a charge that exceeds the maximum charge specified on the rider schedule. Because an election to Reset the MGAB rider may have the effect of increasing the Guaranteed Accumulation Benefit Amount, and because the charge for the MGAB rider is based upon the Guaranteed Accumulation Benefit Amount, an election to Reset the MGAB rider may result in higher charges (as expressed in dollars) even if we have not raised the percentage charge. THE PERCENTAGE CHARGE FOR THE MGAB RIDER WILL IN NO EVENT EXCEED THE MAXIMUM PERCENTAGE CHARGE DISCLOSED IN THE FEE TABLE.

See "Fee Table" and "Fees - Optional Rider Charges."

Reset of Guaranteed Accumulation Benefit Amount. If a Reset Date is shown on your MGAB rider schedule, you may elect to increase the Guaranteed Accumulation Benefit Amount to an amount equal to 100% of the contract value as of the Reset Date provided:

1. The age of each contract owner and annuitant is 80 or younger on the Reset Date;
2. You may invest exclusively in one or more of the Eligible Funds during the entire term;
3. You do not have an outstanding loan balance under the contract (if applicable) on the Reset Date;
4. You may not invest in the DCA Fixed Account or any other fixed account which may be available under the contract during the time the MGWB rider is in effect; and
5. Your election of a Reset in the Guaranteed Accumulation Benefit Amount is received, in good order, at our administrative service center within thirty (30) days after the contract anniversary on which the Reset may be purchased.

If you elect a Reset of the Guaranteed Accumulation Benefit Amount, it will be adjusted for subsequent partial withdrawals, loans, and partial income payments, as noted in "Minimum Guaranteed Benefit Rider" above.

For riders we are currently issuing, the Reset Date is the fifth anniversary of the effective date of the rider.

Charges for the rider may change if you have elected a Reset. See "Charges for the Minimum Guaranteed Accumulation Benefit Rider" and "Fees - Optional Living Benefit Riders."

Additional Amount. If the contract value or Adjusted Contract Value, as applicable, is less than the Guaranteed Accumulation Benefit Amount on the End of Term Date, we will apply an additional amount to the contract on the next valuation date following the End of Term Date. This additional amount will be equal to the difference between the Guaranteed Accumulation Benefit Amount and the contract value on the End of Term Date. If your contract permits loans, the additional amount will be equal to the difference between the Guaranteed Accumulation Benefit Amount and the Adjusted Contract Value as of the End of Term Date.

The additional amount applied, if any, will be allocated pro-rata to the subaccounts that you are invested in as of the End of Term Date. We will not apply an additional amount if the contract value or Adjusted Contract Value, as applicable, as of the End of Term Date is greater than the Guaranteed Accumulation Benefit Amount.

Minimum Guaranteed Accumulation Benefit and Death Benefits. Generally, you must be living on the End of Term Date in order to have an additional amount applied to your contract, as described above. As noted in the "Termination" section, death prior to the end of a rider term generally results in the termination of the rider. In this event, the amount payable to your beneficiary will depend upon the death benefit you have elected under the contract, including any optional enhanced death benefit.

In the event that your spouse is allowed to continue the contract after your death, and elects to do so, the rider will not terminate. Instead, any death benefit payable under the contract (including any optional death benefit, if elected), will be added to your contract value, and the GMAB rider will continue in effect. There is no change to the amount of the Guaranteed Accumulation Benefit Amount, End of Term Date, or the charge for the MGAB rider.

In this situation, the surviving spouse may elect to continue the rider at the current charge until the End of Term Date, terminate the rider, or Reset the rider on the next Reset Date, if applicable.

Repurchase. If a repurchase date is shown on the rider schedule, you may elect to repurchase the rider or any other MGAB rider available for sale by us in connection with the contract on that date for another term, provided that you meet the terms and conditions for purchasing the rider at that time.

The Guaranteed Accumulation Benefit Amount at the start of the new term will equal the contract value on the repurchase date and will include the additional amount, if any, paid under the prior term. The repurchase date will generally be the next valuation date after the end of a term.

Charges for the rider may change if you have elected to repurchase the rider at the end of a term. The charge will never exceed the charge in effect for new issues of the same rider. If we are no longer issuing the rider, any change in charges will not result in a charge that exceeds the maximum charge specified on the rider schedule. See "Fees – Optional Living Benefit Riders."

Termination. The rider will automatically terminate at the end of the term, or if earlier, upon the occurrence of one of the following:

1. If any portion of your contract value is not invested in one of the Eligible Funds;
2. If the contract is terminated in accordance with the provisions of the contract;
3. On the Death Benefit Valuation Date, unless the contract is continued by your spouse, in which case the rider may continue with your surviving spouse as contract owner;
4. If the ownership of this contract changes and the new contract owner is other than your spouse; or
5. If you initiate income phase payments (full income phase payments only).

The rider has no surrender value or other non-forfeiture benefits upon termination. Prior to the end of a term, this rider does not provide any benefits.

Definitions. The following definitions apply only to the Minimum Guaranteed Withdrawal Benefit rider:

Annual Withdrawal Amount. The maximum amount that can be withdrawn under the MGWB rider each contract year without causing the recalculation of the Guaranteed Withdrawal Base. The Annual Withdrawal Amount on any day after the effective date of the rider is equal to the lesser of:

1. 5% of the Guaranteed Withdrawal Base as of that day, less cumulative withdrawals (including income phase payments) made during the contract year; or
2. the Remaining Guaranteed Balance as of that day.

The Annual Withdrawal Amount will never be less than zero.

Guaranteed Withdrawal Base. An amount used to determine the Annual Withdrawal Amount and the MGWB charge. If the MGWB rider is effective on the contract issue date, the initial Guaranteed Withdrawal Base is equal to the initial purchase payment, increased by any purchase payments received during the first contract year. In this case the MGWB rider may not be appropriate for you if you plan to make substantial purchase payments after your first contract anniversary, or may be more appropriate if purchased on a subsequent anniversary. If the MGWB rider is effective on a contract anniversary, the initial Guaranteed Withdrawal Base is equal to the contract value on that contract anniversary increased by purchase payments received in that contract year. In this case, the MGWB rider may not be appropriate for you if you plan to make substantial premium payments after the contract anniversary following the anniversary on which your rider would become effective.

Remaining Guaranteed Balance. The amount available for future withdrawals made under the MGWB rider. The Remaining Guaranteed Balance will never be less than zero.

Minimum Guaranteed Withdrawal Benefit ("MGWB") Rider. The MGWB rider is an optional living benefit that provides you with an MGWB intended to allow for minimum withdrawals up to the Annual Withdrawal Amount, regardless of market performance, until the Remaining Guaranteed Balance equals zero. For purposes of the MGWB rider, the term "withdrawal" includes any applicable early withdrawal charges and charges for state and federal taxes (including premium taxes), if applicable, as well as income phase payments (including partial income phase payments). Amounts withdrawn under the MGWB rider will reduce the contract value by the amount withdrawn and will be subject to the same conditions, limitations, restrictions and all other fees, charges, and deductions, including withdrawal charges, if applicable, as withdrawals otherwise made under the contract. For examples of specific applications of the MGWB rider, see "Appendix III – MGWB Rider Examples."

If a withdrawal does not exceed the Annual Withdrawal Amount immediately prior to that withdrawal, the Guaranteed Withdrawal Base will remain unchanged. The Remaining Guaranteed Balance will decrease by the withdrawal amount, immediately following the withdrawal. See Example D in "Appendix III – MGWB Rider Examples." If under the contract you are required to take required minimum distributions and distributions exceed the Annual Withdrawal Amount, the Guaranteed Withdrawal Base will remain unchanged. The Remaining Guaranteed Balance will decrease by the withdrawal amount, immediately following the withdrawal. See Example F in "Appendix III – MGWB Rider Examples."

If a withdrawal exceeds the Annual Withdrawal Amount immediately prior to that withdrawal, we will adjust the Guaranteed Withdrawal Base and Remaining Guaranteed Balance immediately following the withdrawal to the lesser of:

1. The contract value immediately after the withdrawal; or
2. The Remaining Guaranteed Balance immediately prior to the withdrawal, less the withdrawal amount.

See Example E in "Appendix III – MGWB Rider Examples." A withdrawal may not exceed the amount available for withdrawal under the contract if such withdrawal would exceed the Annual Withdrawal Amount. If a withdrawal exceeds the Annual Withdrawal Amount and reduces the contract value to zero, the contract is terminated.

Automatic Withdrawal Status. If a withdrawal: (a) does not exceed the Annual Withdrawal Amount; and (b) reduces the contract value to zero, the MGWB rider enters automatic withdrawal status. This is the only circumstance in which the MGWB rider may enter into automatic withdrawal status.

Once the MGWB rider enters automatic withdrawal status, the MGWB will be payable, subject to the conditions below. The MGWB consists of:

1. Automatic Periodic Payments: Automatic periodic payments will be made annually beginning on the contract anniversary following the date the MGWB rider enters automatic withdrawal status. We may make other payment frequencies available. The amount of each automatic periodic payment will equal the Annual Withdrawal Amount, until the Remaining Guaranteed Balance is reduced to zero. If the Remaining Guaranteed Balance is less than or equal to the Annual Withdrawal Amount at the time an automatic periodic payment is due, that payment will equal the Remaining Guaranteed Balance, and it will be the final automatic periodic payment.

2. The MGWB Death Benefit: While the MGWB rider is in automatic withdrawal status, automatic periodic payments will cease on the Death Benefit Valuation Date, and the MGWB death benefit payable shall be the Remaining Guaranteed Balance. See Example H in "Appendix III - MGWB Rider Examples." Such amount shall be payable in a single lump sum to the person entitled to death proceeds under the contract, subject to normal lump-sum death benefit payment procedures. See "Death Benefit."

While the MGWB rider is in automatic withdrawal status, the following restrictions apply:

1. No further purchase payments under the contract are allowed;
2. No further charges under the contract will apply;
3. The contract will provide no further benefits other than as provided under the MGWB rider;
4. Any other contract rider shall terminate unless specified otherwise in the rider; and
5. The contract and MGWB rider will terminate at the earliest of (a) payment of the final automatic periodic payment or (b) payment of the MGWB death benefit.

You should be aware that if the MGWB rider enters automatic withdrawal status, any optional enhanced death benefit riders will be terminated and will not apply.

Purchase. Subject to state availability, the MGWB rider may be purchased on the issue date of the contract, or on the first (1st), second (2nd), or third (3rd) contract anniversary. Purchase of the MGWB rider is subject to the following restrictions:

1. The contract owner and annuitant must be age 80 or younger on the effective date of the MGWB rider;
2. You must invest exclusively in one or more of the Eligible Funds during the entire term;
3. You cannot have an outstanding loan balance under the contract (where allowed) and you may not initiate a loan while this rider is in effect;
4. You may not invest in the DCA Fixed Account or any other fixed account which may be available under the contract during the time the MGWB rider is in effect;
5. Your election of the MGWB rider must be received at our administrative service center, in good order, within thirty (30) days after the issue date of the contract or the 1st, 2nd, or 3rd contract anniversary; and
6. You have not previously terminated an MGWB rider purchased under the contract.

We reserve the right to make other purchase dates available. The issue date or contract anniversary closest to your election of the MGWB rider is the effective date of the rider.

Charges for the Minimum Guaranteed Withdrawal Benefit Rider. We impose a charge for the MGWB rider, which is disclosed in the fee table to this prospectus. Charges for the rider may change if you have elected a Reset. The charge will never exceed the charge in effect for new issues of the same rider, and will not result in a charge that exceeds the maximum charge specified on the rider schedule. Because an election to Reset the MGWB rider may have the effect of increasing the Guaranteed Withdrawal Base, and because the charge for the MGWB rider is based upon the Guaranteed Withdrawal Base, an election to Reset the MGWB rider may result in higher charges (as expressed in dollars) even if we have not raised the percentage charge. CHARGES FOR THE MGWB RIDER WILL IN NO EVENT EXCEED THE MAXIMUM CHARGES DISCLOSED IN THE FEE TABLE.

See "Fee Table" and "Fees - Optional Rider Charges."

Initial Values. The Guaranteed Withdrawal Base, Remaining Guaranteed Balance and Annual Withdrawal Amount are initially determined on the effective date of the rider as follows:

1. If the GMWB rider is effective on the issue date of the contract, the Guaranteed Withdrawal Base and Remaining Guaranteed Balance are equal to the initial purchase payment (See Example A in "Appendix III – MGWB Rider Examples").
2. If the GMWB rider is effective on a contract anniversary, the Guaranteed Withdrawal Base and Remaining Guaranteed Balance are equal to the contract value on that contract anniversary.
3. The initial Annual Withdrawal Amount is equal to 5% of the initial Guaranteed Withdrawal Base (see Example A in "Appendix III – MGWB Rider Examples"). Only 5% per year may be withdrawn, and any unused withdrawals do not carry over into future years.

Subsequent Purchase Payments. Eligible purchase payments (defined as all purchase payments made during the first year after the rider effective date), will result in an increase in the Guaranteed Withdrawal Base and Remaining Guaranteed Balance equal to the amount of each eligible purchase payment. Purchase payments made after a Reset Date are not considered eligible purchase payments. See Examples B and C in "Appendix III - MGWB Rider Examples."

Reset Option. If allowed under your MGWB rider, you may elect to Reset the Guaranteed Withdrawal Base and Remaining Guaranteed Balance to an amount equal to 100% of the contract value as of the Reset Date, provided:

1. The age of each contract owner and annuitant is 80 or younger on the Reset Date;
2. You must invest exclusively in one or more of the Eligible Funds during the entire term;
3. You may not invest in the DCA Fixed Account or any other fixed account which may be available under the contract during the time the MGWB rider is in effect; and
4. Your election of a Reset is received, in good order, at our administrative service center within thirty (30) days after the contract anniversary on which the Reset may be purchased.

An election to Reset the MGWB rider may result in the resetting of the Guaranteed Withdrawal Base to an amount lower than prior to the Reset. This may result in a decrease in the Annual Withdrawal Amount as well as a decrease in the amount charged.

As of the date of the Reset, the Annual Withdrawal Amount is reset to equal 5% of the new Guaranteed Withdrawal Base. If there are subsequent withdrawals that exceed the Annual Withdrawal Amount, the Remaining Guaranteed Balance is adjusted downward, and the Guaranteed Withdrawal Base will also be adjusted. See "Minimum Guaranteed Withdrawal Benefit ("MGWB") Rider."

If allowed under your MGWB rider, you may elect the Reset option on the 5th and 10th anniversary of the effective date of the MGWB rider. See Example G in "Appendix III – MGWB Riders."

Charges for the MGWB rider may change if you elect to Reset. See "Charges for the Minimum Guaranteed Withdrawal Benefit Rider" and "Fees – Optional Living Benefit Riders."

Death of Owner or Annuitant. If you, or the annuitant if the contract owner is a non-natural person, dies while the MGWB rider is not in automatic withdrawal status, the MGWB rider will terminate on the Death Benefit Valuation Date and no further MGWB rider benefits will apply. In this circumstance, the death benefit will be determined in accordance with the standard death benefits available under the contract, including any optional enhanced death benefit, if selected by the contract holder. See the "Death Benefit" section. If the surviving spouse of the deceased contract owner continues the contract, and if as a result, the contract value increases, the following will apply:

1. The Guaranteed Withdrawal Base and Remaining Guaranteed Balance will be increased based on the increased contract value;
2. The MGWB rider charges will be the same as the charges in effect for new MGWB rider issues as of that date; and
3. The MGWB will continue in effect.

Termination. Except as provided under the automatic withdrawal status section, the MGWB rider will automatically terminate upon the occurrence of one of the following:

1. If any portion of your contract value is not invested in one of the Eligible Funds;
2. If the contract is terminated in accordance with the provisions of the contract;
3. On the Death Benefit Valuation Date, unless the contract is continued by your spouse, in which case the rider will continue with your surviving spouse as contract owner;
4. If the ownership of this contract changes and the new contract owner is other than your spouse;
5. If a loan is initiated; or
6. If you initiate income phase payments (full income phase payments only).

The rider has no surrender value or other non-forfeiture benefits upon termination. Prior to the payment of benefits under the MGWB rider, this rider does not provide any additional benefits.

Types of Fees

There are three types of fees or deductions that may affect your contract.

TRANSACTION FEES

- ▷ Early Withdrawal Charge
- ▷ Annual Contract Charge
- ▷ Transfer Charge
- ▷ Redemption Fees

FEES DEDUCTED FROM INVESTMENTS IN THE SEPARATE ACCOUNT

- ▷ Mortality and Expense Risk Charges
- ▷ Administrative Expense Charge
- ▷ Optional Death Benefit Rider Charges
- ▷ Optional Living Benefit Rider Charges

FUND FEES AND EXPENSES

Fees

The following repeats and adds to information provided in the "Fee Table" section. Please review both sections for information on fees.

MAXIMUM TRANSACTION FEES

Early Withdrawal Charge

Withdrawals of all or a portion of your contract value may be subject to a charge.

Amount. A percentage of the purchase payments that you withdraw. The percentage will be determined by the early withdrawal charge schedule that applies to your contract.

Years from Receipt of Purchase Payment	Early Withdrawal Charge (as Percentage of Purchase Payments) ¹
Less than 1	7%
1 or more but less than 2	6%
2 or more but less than 3	4%
3 or more	0%

¹For 403(b) flexible series contracts only, and all contracts issued in the State of Utah, the early withdrawal charge is 0% after the tenth contract year.

Withdrawal Charge Applicable to Fixed Interest Options. The value of purchase payments allocated to Fixed Account D and the DCA Fixed Account are included in the calculation of the withdrawal charge upon partial or full withdrawal of amounts from the contract. However, the portion of the withdrawal charge attributable to the amount withdrawn from Fixed Account D will be waived. The amount that will be waived will be equal to the withdrawal charge as calculated above, multiplied by the percentage that the amount withdrawn from Fixed Account D bears to the total amount withdrawn. There is no waiver applicable to amounts withdrawn from the DCA Fixed Account.

Purpose. This is a deferred sales charge. It reimburses us for some of the sales and administrative expenses associated with the contract. If our expenses are greater than the amount we collect for the early withdrawal charge, we may use any of our corporate assets, including potential profit that may arise from the mortality and expense risk charges, and the administrative charge, to make up the difference.

First In, First Out. The early withdrawal charge is calculated separately for each purchase payment withdrawn. For purposes of calculating your early withdrawal charge, we assume earnings are withdrawn first, followed by amounts attributable to purchase payments, with the "oldest" purchase payments withdrawn first.

For example: If your initial purchase payment was made two years ago, we will deduct an early withdrawal charge equal to 4% of the portion of that purchase payment subject to a withdrawal charge. The next time you make a withdrawal we will assess the charge against the portion of the first purchase payment that you did not withdraw and/or your subsequent purchase payments to your contract in the order they were received.

Waiver. The early withdrawal charge is waived for purchase payments withdrawn if the withdrawal is:

- ▷ Used to provide income phase payments to you;
- ▷ Paid due to the contract owner's death during the accumulation phase;
- ▷ Paid due to your disability (as defined in the Tax Code and subject to the restrictions below);
- ▷ Paid due to separation from service with your employer after age 55 (available beginning five years from the issue date, for 403(b) contracts only);
- ▷ Paid when the contract owner has been diagnosed with a terminal illness (subject to the restrictions below);
- ▷ Paid due to extended confinement in a licensed hospital or qualified long term care facility (subject to the restrictions below);
- ▷ Paid upon termination of your contract by us (see "Other Topics - Involuntary Terminations").

Disability Waiver. Waiver of the early withdrawal charge for disability is subject to the following conditions. We will waive the early withdrawal charge when you: (1) are legally permitted to make a withdrawal; (2) become disabled within the meaning of Tax Code section 72(m)(7) (as amended) after the issue date of the contract; (3) are receiving Social Security disability or state long-term disability benefits; and (4) notify us in writing of the disability prior to receiving the withdrawal.

This waiver may be subject to other limitations described in your contract.

Extended Confinement Waiver. Waiver of the early withdrawal charge in the event of extended confinement is subject to the following conditions. We will waive the early withdrawal charge when you are legally permitted to make a withdrawal if you have been confined to a licensed hospital or a qualified long term care facility for a period of at least sixty (60) consecutive days prior to your request and after the issue date of the contract. We will require satisfactory proof of such confinement, as provided in your contract.

To qualify, a licensed hospital must be (1) licensed as a hospital by the state in which it is located; (2) supervised by a staff of licensed physicians; and (3) operate primarily for the care and treatment of sick and injured inpatients for a charge. A long term care facility includes (1) a skilled nursing facility; (2) an intermediate care facility; or (3) a residential care facility. The long term care facility must be (1) licensed by an appropriate licensing agency to provide nursing care; (2) provide 24-hour-a-day nursing services; (3) have a doctor available for emergency situations; (4) have a nurse on duty or on call at all times; (5) maintain clinical records; and (6) have appropriate methods for administering drugs. A long term care facility does not include (1) an institution that primarily treats drug addiction or alcoholism; (2) a home for the aged or mentally ill; (3) a community living center; or (4) an institution that primarily provides residency or retirement care.

This waiver may be subject to other limitations described in your contract.

Terminal Illness Withdrawal. Subject to state availability and where allowed by law, if you develop a terminal illness, you may request a full withdrawal of the unloaned contract value equal to the death benefit (including, if applicable, the death benefit due under one of the optional death benefit riders). In order for this benefit to be paid, the diagnosis of the terminal illness must occur prior to entering the income phase, and notice acceptable to us must be received prior to entering the income phase and during your lifetime.

Exercise of this provision is subject to the following conditions. We must receive notice that you have been diagnosed with a terminal illness by a physician licensed to practice medicine and treat illness or injury in the state which the treatment is received and who is acting within the scope of that license. At our expense, we reserve the right to have a physician of our choice examine you, and reserve the right to rely upon the diagnosis of a physician we choose. For purposes of this provision, notice of terminal illness means a written statement, signed by a physician, that: a) gives the physician's diagnosis of your noncorrectable medical condition; b) includes documentation supported by clinical, radiological or laboratory evidence of the condition; and c) states that, within reasonable medical certainty, the noncorrectable medical condition will result in your death in six (6) months or less from the date of the notice.

Only one withdrawal may be made under this provision. The withdrawal will be paid in lieu of any other benefit payable under the contract. No benefit will be paid if your terminal illness is the result of self-inflicted injuries. This provision may be subject to other limitations described in your contract.

For 403(b) contracts, this withdrawal is only available if you otherwise are allowed to make a withdrawal under Tax Code section 403(b)(11). See "Taxation."

10% Free Out. During any contract year the contract owner may withdraw a portion of the contract value without a early withdrawal charge.

For each contract year, the amount available for withdrawal without an early withdrawal charge will equal amounts attributable to earnings, plus eligible purchase payments. Eligible purchase payments include all purchase payments not subject to the early withdrawal charge, plus 10% of the remaining purchase payments at the beginning of a contract year that are still subject to an early withdrawal charge, plus 10% of purchase payments received during that contract year.

Partial Withdrawal Processing Fee. We reserve the right to charge a partial withdrawal processing fee not to exceed the lesser of \$25 or 2% of the amount withdrawn. We are not currently applying this fee.

Annual Contract Charge

Maximum Amount. \$30.00 for transfer premium series contracts, \$35.00 for flexible premium series contracts.

When/How. Each year during the accumulation phase we deduct this fee from your contract value invested in the subaccounts. We deduct it on your contract anniversary and at the time of full withdrawal.

Purpose. This fee reimburses us for our administrative expenses related to the establishment and maintenance of your contract.

Waiver. We reserve the right to waive the annual contract charge under certain circumstances such as if your contract value exceeds \$50,000 on the date this fee is to be deducted. However, we reserve the right to reinstate the fee on contracts qualifying for this waiver.

Transfer Charge

Amount. We do not currently charge a transfer fee. However, we reserve the right to charge a fee of \$25 per transfer for any transfer and to limit the number of transfers.

Purpose. This charge reimburses us for administrative expenses associated with transferring your dollars among investment options.

Fund Redemption Fees

If applicable, we may deduct the amount of any redemption fees imposed by funds as a result of withdrawals, transfers or other transactions initiated by a contract owner, beneficiary or payee. Redemption fees, if any, are separate and distinct from early withdrawal charges and are not included in the determination of any withdrawal charge limit or any withdrawal charge waiver. As of the date of this prospectus, none of the funds available under the contract have imposed such fees; however, you should refer to the fund prospectuses for current information on such fees.

FEES DEDUCTED FROM INVESTMENTS IN THE SEPARATE ACCOUNT

Mortality and Expense Risk Charges

Maximum Amount. The amount of this charge, on an annual basis, is equal to 1.40% of the daily value of amounts invested in the subaccounts. This charge is deducted daily.

Purpose. This fee compensates us for mortality and expense risks we assume under the contracts.

- ▷ The mortality risks are those risks associated with our promise to make lifetime payments based on annuity rates specified in the contracts and our funding of the death benefits and other payments we make to owners or beneficiaries of the contracts.
- ▷ The expense risk is the risk that the actual expenses we incur under the contracts will exceed the maximum costs that we can charge.

If the amount we deduct for this fee is not enough to cover our mortality and expenses under the contracts, we will bear the loss. We may use any excess to recover distribution costs relating to the contract and as a source of profit. We expect to make a profit from this fee.

Administrative Charge

Maximum Amount. The maximum administrative charge under the contract is equal to 0.20% of the daily value of amounts invested in the subaccounts. It is deducted quarterly and at time of a full withdrawal.

Purpose. This charge helps defray the cost of providing administrative services under the contract and the subaccounts. There is not necessarily a relationship between the amount of the charge imposed on any given contract and the amount of expenses that may be attributable to that contract.

Optional Death Benefit Rider Charges.

In addition to the standard death benefit, you may purchase one of two optional death benefit riders that you may elect at issue, subject to state availability. There is an additional charge if you have selected the Return of Purchase Payment Death Benefit or Annual Stepped Up Death Benefit. Charges for these optional death benefit riders are as follows:

Return of Purchase Payment Death Benefit: 0.05% assessed on the average daily contract value and deducted proportionally from amounts invested in the subaccounts, on a quarterly basis.

Annual Stepped Up Death Benefit: 0.25% assessed on the average contract value and deducted proportionally from amounts invested in the subaccounts, on a quarterly basis.

See "Death Benefit" for further details on the optional death benefit riders.

Optional Living Benefit Rider Charges

Subject to state availability, you may purchase one of the optional living benefit riders at issue, or on your first through third contract anniversary. There is an additional charge if you select either the Minimum Guaranteed Accumulation Benefit ("MGAB") rider or the Minimum Guaranteed Withdrawal Benefit ("MGWB") rider. Charges for these optional living benefit riders are as follows:

Minimum Guaranteed Accumulation Benefit Rider:

10-Year Term, Current Charge: 0.35% assessed on the Guaranteed Accumulation Benefit Amount as of the valuation date (as defined in the "Optional Living Benefit Riders" section) immediately preceding the date deducted, deducted quarterly from amounts invested in the subaccounts. For an explanation of how the Guaranteed Accumulation Benefit Amount is calculated, see "Optional Living Benefit Riders – Minimum Guaranteed Accumulation Benefit ("MGAB") Rider."

10-Year Term, Maximum Charge: 1.00% assessed on the Guaranteed Accumulation Benefit Amount as of the valuation date (as defined in the "Optional Living Benefit Riders" section) immediately preceding the date deducted, deducted quarterly from amounts invested in the subaccounts. For an explanation of how the Guaranteed Accumulation Benefit Amount is calculated, see "Optional Living Benefit Riders – Minimum Guaranteed Accumulation Benefit ("MGAB") Rider."

Because an election to Reset the MGAB rider may have the effect of increasing the Guaranteed Accumulation Benefit Amount, and because the charge for the MGAB rider is based upon the Guaranteed Accumulation Benefit Amount, an election to Reset the MGAB rider may result in higher charges (as expressed in dollars) even if we have not raised the percentage charge. See "Optional Living Benefit Riders – Minimum Guaranteed Accumulation Benefit Rider."

Minimum Guaranteed Withdrawal Benefit Rider:

Current Charge: 0.55% assessed on the Guaranteed Withdrawal Base as of the valuation date (as defined in the "Optional Living Benefit Riders" section) immediately preceding the date deducted, deducted quarterly from amounts invested in the subaccounts. For an explanation of how the Guaranteed Withdrawal Base is calculated, see "Optional Living Benefit Riders - Guaranteed Withdrawal Base."

Maximum Charge: 1.50% assessed on the Guaranteed Withdrawal Base as of the valuation date (as defined in the "Optional Living Benefit Riders" section) immediately preceding the date deducted, deducted quarterly from amounts invested in the subaccounts. For an explanation of how the Guaranteed Withdrawal Base is calculated, see "Optional Living Benefit Riders - Guaranteed Withdrawal Base."

Because an election to Reset the MGWB rider may have the effect of increasing the Guaranteed Withdrawal Base, and because the charge for the MGWB rider is based upon the Guaranteed Withdrawal Base, an election to Reset the MGAB rider may result in higher charges (as expressed in dollars) even if we have not raised the percentage charge. See "Optional Living Benefit Riders - Minimum Guaranteed Withdrawal Benefit Rider."

REDUCTION OR ELIMINATION OF CERTAIN FEES

When sales of the contract are made to individuals or a group of individuals in a manner that results in savings of sales or administrative expenses, we may reduce or eliminate the early withdrawal charge, the maintenance and expense risk charge, the contract charge, or the administrative expense charge. Our decision to reduce or eliminate any of these fees will be based on one or more of the following:

- ▷ The size and type of group to whom the contract is offered;
- ▷ The type and frequency of administrative and sales services provided;
- ▷ The use by an employer of automated techniques in submitting purchase payments or information related to purchase payments on behalf of its employees;
- ▷ Any other circumstances which reduce distribution or administrative expenses; or
- ▷ Regulatory requirements.

The reduction or elimination of any of these fees will not be unfairly discriminatory against any person and will be done according to our rules in effect at the time the contract is issued. We reserve the right to change these rules from time to time. The right to reduce or eliminate any of these fees may be subject to state approval.

The exact amount of contract charges applicable to a particular contract will be stated in that contract. For contracts issued as funding vehicles for Tax Code section 403(b) plans, early withdrawal charges may be waived under certain circumstances.

FUND FEES AND EXPENSES

As shown in the Fund Expense Table which begins on page 8 of this prospectus, each fund deducts management fees from the amounts allocated to the fund. In addition, each fund deducts other expenses which may include service fees that may be used to compensate service providers, including the Company and its affiliates, for administrative and contract owner services provided on behalf of the fund. Furthermore, certain funds deduct a distribution or 12b-1 fee, which is used to finance any activity that is primarily intended to result in the sale of fund shares. **For a more complete description of the funds' fees and expenses, review each fund's prospectus.**

The Company or its U.S. affiliates receive varying levels of revenue from each of the funds available through the contract. In terms of total dollar amounts received, the greatest amount of revenue generally comes from assets allocated to funds managed by Company affiliates (including but not limited to ING Life Insurance and Annuity Company, ING Investments, LLC and Directed Services, Inc.), which funds may or may not also be subadvised by a Company affiliate. Assets allocated to funds managed by a Company affiliate but subadvised by unaffiliated third parties generally generate the next greatest amount of revenue. Finally, assets allocated to unaffiliated funds generally generate the least amount of revenue.

Types of Revenue Received from Affiliated Funds

Affiliated funds are (a) funds managed by ING Life Insurance and Annuity Company, ING Investments, LLC, Directed Services, Inc. or other Company affiliates, which may or may not also be subadvised by another Company affiliate; and (b) funds managed by a Company affiliate but which are subadvised by unaffiliated third parties.

Revenues received by the Company from affiliated funds include:

- Service fees that are deducted from fund assets and included within the "Other Expenses" column of the Fund Expense Table; and
- For certain share classes, the Company or its affiliates may also receive compensation paid out of 12b-1 fees that are deducted from fund assets and disclosed in the "12b-1 Fees" column of the Fund Expense Table.

Additionally, the Company receives other revenues from affiliated funds which may be based either on an annual percentage of average net assets held in the fund by the Company or a percentage of the management fees shown in the Fund Expense Table. These revenues may be received as cash payments or according to a variety of financial accounting techniques which are used to allocate revenue and profits across the organization. In the case

of affiliated funds subadvised by unaffiliated third parties, any sharing of the management fee between the Company and the affiliated investment adviser is based on the amount of such fee remaining after the subadvisory fee has been paid to the unaffiliated subadviser. Because subadvisory fees vary by subadviser, varying amounts of revenue are retained by the affiliated investment adviser and ultimately shared with the Company.

Types of Revenue Received from Unaffiliated Funds

Revenue received from each of the unaffiliated funds or their affiliates is based on an annual percentage of the average net assets held in that fund by the Company. Some unaffiliated funds or their affiliates pay us more than others and some of the amounts we receive may be significant.

Revenues received by the Company or its affiliates from unaffiliated funds include:

- For certain funds, compensation paid from 12b-1 fees or service fees that are deducted from fund assets. Any such fees deducted from fund assets are disclosed in the Fund Expense Table; and
- Additional payments for administrative, recordkeeping or other services which we provide to the funds or their affiliates or as an incentive for us to make the funds available through the contract. These additional payments are not disclosed in the Fund Expense Table and do not increase directly or indirectly the fees and expenses shown in the Fund Expense Table. These additional payments may be used by us to finance distribution of the contract.

The following table shows the 6 unaffiliated fund families and/or investment management groups which have funds currently offered through the contract, ranked according to the total amount they paid to the Company or its affiliates in 2004, in connection with the registered variable annuity contracts issued by the Company:

1. PIMCO Funds
2. Pioneer Investments
3. Columbia Wanger Asset Management, L.P.
4. Franklin Templeton Investments
5. Lord Abbett Funds
6. OppenheimerFunds

If the revenues received from affiliated funds were included in the table above, payments from ING Investments, LLC and other Company affiliates would be fourth on the list.

Please note certain management personnel and other employees of the Company or its affiliates may receive a portion of their total employment compensation based on the amount of net assets allocated to affiliated funds.

Certain funds may be designated as "Master Feeder" funds or "fund of funds." Funds offered in a Master Feeder structure (such as the ING Fidelity portfolios) or fund of funds structure (such as the ING Solution portfolios) may have higher fees and expenses than a fund that invests directly in debt and equity securities. The Fund Expense Table included in the "Fee Table" section reflects the aggregate annual operating expenses of each portfolio and its corresponding underlying fund or funds. These funds are identified in the Fund Expense Table and on the second page of this prospectus.

PREMIUM AND OTHER TAXES

Maximum Amount. Some states and municipalities charge a premium tax on annuities. These taxes currently range from 0% to 4%, depending upon the jurisdiction.

When/How. We reserve the right to deduct a charge for premium taxes from your contract value or from purchase payments to the contract at any time, but not before there is a tax liability under state law. For example, we may deduct a charge for premium taxes from purchase payments as they are received, or from the contract value immediately before you commence income phase payments, as permitted or required by applicable law.

In addition, we reserve the right to assess a charge for any federal taxes due against the separate account. See "Taxation."

Your Contract Value

During the accumulation phase your contract value at any given time equals:

- ▷ The current dollar value of amounts invested in the subaccounts; plus
- ▷ The current dollar value of amounts invested in the fixed interest options, including interest earnings to date; plus
- ▷ The current dollar value of amounts equal to the outstanding loan balance that is segregated as security for a loan; less
- ▷ Prior withdrawals (including early withdrawal charges); less
- ▷ Applicable taxes.

Subaccount Accumulation Units. When you select a fund as an investment option, you invest in "accumulation units" of the Separate Account N subaccount corresponding to that fund. The subaccount invests directly in the fund shares. The value of your interests in a subaccount is expressed as the number of accumulation units you hold multiplied by an "accumulation unit value," as described below, for each unit.

Accumulation Unit Value (AUV). The value of each accumulation unit in a subaccount is called the accumulation unit value or AUV. The AUV varies daily in relation to the underlying fund's investment performance. The value also reflects deductions for fund fees and expenses and the mortality and expense risk charges. We discuss these deductions in more detail in "Fee Table" and "Fees."

Valuation. We determine the AUV every normal business day that the New York Stock Exchange (NYSE) is open, after the close of the NYSE (normally at 4:00 p.m. Eastern Time). At that time we calculate the current AUV by multiplying the AUV last calculated by the "net investment factor" of the subaccount. The net investment factor measures the investment performance of the subaccount from one valuation to the next.

Net Investment Factor. The net investment factor for a subaccount between two consecutive valuations equals the sum of 1.0000 plus the net investment rate.

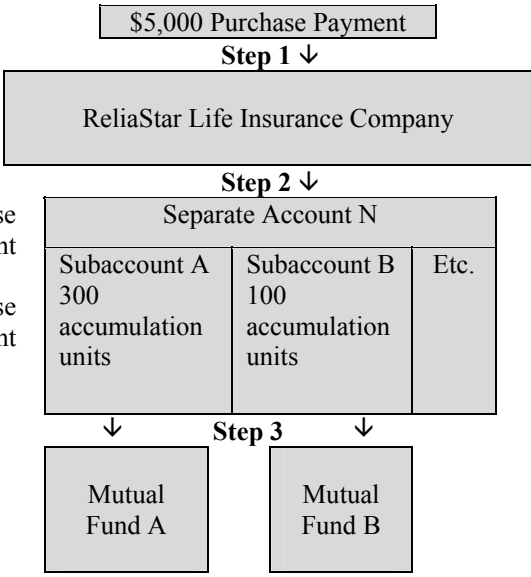
Net Investment Rate. The net investment rate is computed according to a formula that is equivalent to the following:

- ▷ The net assets of the fund held by the subaccount as of the current valuation; minus
- ▷ The net assets of the fund held by the subaccount at the preceding valuation; plus or minus
- ▷ Taxes or provisions for taxes, if any, due to subaccount operations (with any federal income tax liability offset by foreign tax credits to the extent allowed); divided by
- ▷ The total value of the subaccount's units at the preceding valuation; minus
- ▷ A daily deduction for the mortality and expense risk charges and any other fees deducted daily from investments in the separate account, if any. See "Fees."

The net investment rate may be either positive or negative.

Hypothetical Illustration. As a hypothetical illustration assume that your initial purchase payment to a qualified contract is \$5,000 and you direct us to invest \$3,000 in Fund A and \$2,000 in Fund B. Also assume that on the day we receive the purchase payment the applicable AUVs after the next close of business of the New York Stock Exchange are \$10 for Subaccount A and \$20 for Subaccount B. Your contract is credited with 300 accumulation units of Subaccount A and 100 accumulation units of Subaccount B.

Step 1: You make an initial purchase payment of \$5,000.



Step 3: The separate account purchases shares of the applicable funds at the then current market value (net asset value or NAV).

Each fund’s subsequent investment performance, expenses and charges, and the daily charges deducted from the subaccount, will cause the AUV to move up or down on a daily basis.

Purchase Payments to Your Contract. If all or a portion of your initial purchase payment is directed to the subaccounts, it will purchase subaccount accumulation units at the AUV next computed after our acceptance of your application as described in "Purchase and Rights." Subsequent purchase payments or transfers directed to the subaccounts will purchase subaccount accumulation units at the AUV next computed following our receipt of the purchase payment or transfer request in good order. The AUV will vary day to day.

Withdrawals

Taxes, Fees and Deductions

Amounts withdrawn may be subject to one or more of the following:

- ▷ Early Withdrawal Charge
- ▷ Annual Contract Charge (see "Fees-Annual Contract Charge")
- ▷ Partial Withdrawal Processing Fee
- ▷ Redemption Fees (see "Fees - Redemption Fees")
- ▷ Tax Penalty (see "Taxation")
- ▷ Tax Withholding (see "Taxation")
- ▷ Optional Death Benefit Rider Charges (see "Fees-Optional Death Benefit Rider Charges")

To determine which may apply to you, refer to the appropriate sections of this prospectus, contact your sales representative or call us at the number listed in "Contract Overview-Questions: Contacting the Company."

Withdrawal Value: Your contract value less any outstanding loan balance and any applicable withdrawal charges.

Subject to any applicable retirement plan or Tax Code restrictions (see "Withdrawal Restrictions" below), you may withdraw all or a portion of your withdrawal value invested in the subaccounts at any time during the accumulation phase. Withdrawals from amounts in the fixed interest options may be subject to additional restrictions. See "Appendix I - Fixed Accounts." If you have purchased the MGWB rider, see "Optional Living Benefit Riders."

Steps for Making A Withdrawal

- ▷ Select the withdrawal amount.
- (1) Full and Partial Withdrawals: You may request withdrawal of either:
 - ▷ A gross amount, in which case the applicable early withdrawal charge and taxes will be deducted from the gross amount requested; or
 - ▷ A specific amount after deduction of the applicable early withdrawal charge and taxes.
 - (2) Partial Withdrawal: Requests for partial withdrawals are subject to the following conditions:
 - ▷ The minimum amount of any partial withdrawal must be \$1,000;
 - ▷ The contract value may not fall below the greater of \$1,000 or any outstanding loan balance divided by 85%;
 - ▷ We may charge a processing fee equal to the lesser of \$25 or 2% of the amount withdrawn;
 - ▷ Unless otherwise agreed to by us, we will withdraw dollars in the same proportion as the values you hold in the investment options in which you have a contract value; and
 - ▷ You must properly complete a disbursement form and deliver it to our administrative service center.

Withdrawal Restrictions.

Some plans may have other limits on withdrawals, other than or in addition to those listed below.

- ▷ Section 403(b)(11) of the Tax Code generally prohibits withdrawals under 403(b) contracts prior to your death, disability, attainment of age 59½, severance from employment, or financial hardship of the following:
 - (1) Salary reduction contributions made after December 31, 1988; and
 - (2) Earnings on those contributions and earnings on amounts held before 1989 and credited after December 31, 1988. Income attributable to salary reduction contributions and credited on or after January 1, 1989, may not be distributed in the case of hardship.
- ▷ Participants in the Texas Optional Retirement Program. You may not receive any distribution before retirement, except upon becoming disabled, as defined in the Tax Code or terminating employment with Texas public institutions of higher learning. Conditions under which you may exercise the right to withdraw and the right to advance the date on which an income phase payment option is to begin are limited. These restrictions are imposed by reason of the Texas Attorney General's interpretation of Texas law.

Calculation of Your Withdrawal. We determine your contract value every normal business day that the New York Stock Exchange (NYSE) is open, after the close of the NYSE (normally at 4:00 p.m. Eastern Time). We pay withdrawal amounts based on your contract value as of the next valuation date after we receive a request for withdrawal in good order at our administrative service center.

Delivery of Payment. Payments for withdrawal requests will be made in accordance with SEC requirements. Normally, your withdrawal amount will be sent no later than seven calendar days following our receipt of your properly-completed disbursement form in good order. No interest will accrue on amounts represented by uncashed withdrawal checks.

Loans

Loans Available from Certain Qualified Contracts. If allowed by the contracts and the qualified plan for which the contract is issued (where applicable), a loan may be available from the contract value prior to your election of an income phase payment option or the annuitant's attainment of age 70½. Additional restrictions may apply under the Tax Code or due to our administrative practices. Loans are not allowed from nonqualified contracts or IRA contracts.

If you purchase the MGAB rider, loans may adversely impact the additional amount paid under the rider, and there may be adverse tax consequences from taking a loan while the rider is in effect. Please consult with a qualified financial or tax adviser.

A loan may be requested by properly completing the loan request form and submitting it to our Administrative Office. Read the terms of the loan agreement before submitting any request.

Charges. Loans may be subject to any applicable early withdrawal charge. We reserve the right to charge a processing fee not to exceed \$25. Interest will be charged on loaned amounts. The difference between the rate charged and the rate credited on loans under your contract is currently 2.5% per annum (i.e., a 2.5% loan interest rate spread). We reserve the right to apply a loan interest rate spread of up to 3.0% per annum.

Systematic Withdrawals

A systematic withdrawal is a series of automatic partial withdrawals from your contract based on a payment method you select. You may elect to withdraw a specified dollar amount or a percentage of the contract value on a monthly, quarterly, semiannual or annual basis. The amount of each systematic withdrawal must be at least \$100.

Systematic Withdrawal Availability. We reserve the right to modify or discontinue offering systematic withdrawals. However, any such modification or discontinuation will not affect any systematic withdrawals already in effect. We may add additional systematic withdrawal options from time to time.

Requesting a Systematic Withdrawal. To request systematic withdrawals and to assess terms and conditions that may apply, contact your sales representative at the number listed in "Contract Overview-Questions: Contacting the Company."

Terminating Systematic Withdrawals. You may discontinue systematic withdrawals at any time by submitting a written request to our administrative service center.

Charges. Systematic withdrawals are subject to early withdrawal charges. Although we currently do not impose a processing fee, we reserve the right to charge a processing fee not to exceed the lesser of 2% or \$25.

Taxation. Systematic withdrawals and revocations of elections may have tax consequences. Amounts withdrawn may be included in your gross income in the year in which the withdrawal occurs, and withdrawals prior to your reaching age 59½ may also be subject to a 10% federal tax penalty. If you are concerned about tax implications, consult a qualified tax adviser.

Features of a Systematic Withdrawal

A systematic withdrawal allows you to receive regular payments from your contract without moving into the income phase. By remaining in the accumulation phase, you retain certain rights and investment flexibility not available during the income phase. Because the contract remains in the accumulation phase, all accumulation phase charges continue to apply.

Death Benefit

This section provides information about the death benefit during the accumulation phase. For death benefit information applicable to the income phase, see "The Income Phase."

Terms to Understand

Annuitant(s): The person(s) on whose life(lives) or life expectancy(ies) the income phase payments are based.

Beneficiary(ies): The person(s) or entity(ies) entitled to receive death benefit proceeds under the contract.

Contingent Beneficiary: The person(s) or entity(ies) designated to receive death benefit proceeds under the contract if no beneficiary is alive when the death benefit is due.

Death Benefit Valuation Date: The valuation date following the date we receive both proof of your death and the beneficiary's written request in a form which we approve for either a lump sum payment or an income phase payment option. Please contact our administrative service center to learn what information is required for a request for payment of the death benefit to be in good order. Generally, a request is considered to be in "good order" when it is signed, dated and made with such clarity and completeness that we are not required to exercise any discretion in carrying it out.

Definitions. The following terms are used in this section:

Adjusted Purchase Payment Total. An amount equal to the amount of the first purchase payment, plus subsequent purchase payments, minus a pro-rata share of partial withdrawals. For each partial withdrawal, the Adjusted Purchase Payment Total is reduced pro-rata by multiplying it by the fraction of A divided by B (A/B), where:

1. A is the contract value immediately after a partial withdrawal; and
2. B is the contract value immediately before a partial withdrawal.

Highest Anniversary Value. An amount calculated under the Annual Stepped Up Death Benefit. On the date the contract is issued, it is equal to the initial purchase payment. Thereafter, the Highest Anniversary Value is calculated on each contract anniversary and is increased by the amount of each subsequent purchase payment and reduced pro-rata for each subsequent partial withdrawal. The pro-rata adjustment for each partial withdrawal is equal to the Highest Anniversary Value as of that date, multiplied by the fraction A divided by B, (A/B), where:

1. A is the contract value immediately after a partial withdrawal; and
2. B is the contract value immediately before a partial withdrawal.

Example:

If you request a \$40,000 withdrawal when your account value is \$125,00 and your Highest Anniversary Value is \$120,000, then

$$A = \$125,000 - \$40,000 = \$85,000$$

$$B = \$125,000$$

$$A/B = \$85,000/\$125,000 = 0.68$$

Therefore the Highest Anniversary Value after the withdrawal is $\$120,000 \times 0.68$, or \$81,600.

On each contract anniversary prior to the contract owner's 81st birthday, the Highest Anniversary Value will be equal to the greater of the current Highest Anniversary Value or the contract value on the date of the contract anniversary. After you reach your 81st birthday, the Highest Anniversary Value will be the Highest Anniversary Value that was calculated on the last contract anniversary prior to your 81st birthday.

The following example illustrates the application of the Highest Anniversary Value.

If your initial purchase payment is \$100,000, then your Highest Anniversary Value initially is \$100,000. If on your next contract anniversary your account value has grown to \$115,000 and no additional premium or partial withdrawals occurred, then your Highest Anniversary Value is reset to \$115,000 as long as you are under age 81. If you then submit a \$5,000 premium deposit, your Highest Anniversary Value is adjusted upward by \$5,000 to \$120,000. If in the same year you then request a \$40,000 withdrawal and your account value has increased to \$125,000 (but your Highest Anniversary Value is still \$120,000), then

$$A = \$125,000 - \$40,000 = \$85,000$$

$$B = \$125,000$$

$$A/B = \$85,000/\$125,000 = 0.68$$

Therefore your Highest Anniversary Value after the withdrawal is $\$120,000 \times 0.68$, or \$81,600.

If on your next contract anniversary your account value has grown to \$90,000 and no additional premium or partial withdrawals occurred, then your Highest Anniversary Value is reset to \$90,000, unless you are age 81 or older. Once you turn age 81 your Highest Anniversary Value is locked in and will not continue to reset.

When is a Death Benefit Payable? During the accumulation phase a death benefit is payable when the contract holder dies, or in the case of a contract owned by a non-natural person, like a trust, when the annuitant dies.

Who Receives Death Benefit Proceeds? If you would like certain individuals or entities to receive the death benefit when it becomes payable, you may name them as your beneficiaries and/or contingent beneficiaries. Unless you have instructed us otherwise, if more than one beneficiary has been named, the payment will be paid in equal shares. If you die and no beneficiary or contingent beneficiary exists, or if the beneficiary or contingent beneficiary is not living on the date payment is due, the death benefit will be paid in a lump sum to your estate. If you have a nonqualified contract and there are joint owners, death benefit proceeds are paid first to the surviving joint owner. If there is no surviving joint owner, then death benefit proceeds are payable to the beneficiaries you have named as described above. In addition, for nonqualified contracts, if the designated beneficiary is the contract owner's surviving legal spouse, the surviving legal spouse has the option to continue the contract as the contract owner.

Designating Your Beneficiary. You may designate a beneficiary on your application and may change the designated beneficiary at any time before income phase payments begin by sending us a written request. Upon our receipt of your written request in good order (see "Contract Overview-Questions: Contacting the Company"), we will process the change effective the date it was signed. Any change in beneficiary will not affect any payments made or affect any actions taken by us before the request was received. We are not responsible for the validity of any beneficiary change.

Death Benefit Riders. There are two death benefit riders available under the contract, the Return of Purchase Payment Death Benefit Rider and the Annual Stepped Up Death Benefit Rider. There is an additional charge for the Return of Purchase Payment and Annual Stepped Up Death Benefit Riders, and you may only elect one of the riders.

Standard Death Benefit

If you (for contracts owned by a natural person), or the annuitant (for contracts owned by a non-natural person) die prior to the income phase, the person you have chosen to be your beneficiary will receive a death benefit. The death benefit will be the contract value less any outstanding loan. If the death benefit is triggered by the death of the annuitant, a withdrawal charge will apply, if applicable. For contracts owned by a natural person, if the annuitant dies and is not the same as the contract owner, the contract owner will automatically be named as the new annuitant and no death benefit will be payable.

Return of Purchase Payment Death Benefit Rider

Charge. There is an extra charge if you elect the Return of Purchase Payment Death Benefit Rider, equal to 0.05% of your average daily separate account contract value. This charge is deducted quarterly from the subaccounts in proportion to each available subaccount's proportionate percentage of the total separate account contract value as of the valuation date immediately preceding the date of deduction.

Election. The Return of Purchase Payment Death Benefit Rider may be elected only on the date the contract is issued, and will remain in effect until:

1. The entire withdrawal value of the contract is withdrawn;
2. Death benefit proceeds become payable under the contract;
3. The contract is terminated in accordance with its provisions; or
4. Income phase payments begin.

Death Benefit Amount. If you elect the Return of Purchase Payment Death Benefit Rider, the amount of the death benefit is the greater of A or B, less any outstanding loan balance, where:

1. A is the contract value on the Death Benefit Valuation Date; and
2. B is the Adjusted Purchase Payment Total.

Annual Stepped Up Death Benefit Rider

Charge. There is an extra charge if you elect the Annual Stepped Up Death Benefit Rider, equal to 0.25% of your average daily separate account contract value. This charge is deducted quarterly from the subaccounts in proportion to each available subaccount's proportionate percentage of total separate account contract value as of the valuation date immediately preceding the date of deduction.

Election. The Return of Purchase Payment Death Benefit Rider may be elected only on the date the contract is issued, and will remain in effect until:

1. The entire withdrawal value of the contract is withdrawn;
2. Death benefit proceeds become payable under the contract;
3. The contract is terminated in accordance with its provisions; or
4. Income phase payments begin.

Death Benefit Amount. If you elect the Annual Stepped Up Death Benefit Rider, the amount of the death benefit is equal to the greater of A, B, or C (less any outstanding loan balance), where:

- A is the contract value on the Death Benefit Valuation Date; and
- B is the Adjusted Purchase Payment Total; and
- C is the Highest Anniversary Value.

Payment of the Death Benefit Before Income Phase Payments Begin:

The beneficiary may choose one of the following three methods of payment:

- (1) Receive a lump-sum payment; or
- (2) Apply some or all of the death benefit to any of the income phase payment options (in no event may payments to a beneficiary extend beyond the beneficiary's life expectancy or any period certain greater than the beneficiary's life expectancy); or
- (3) Any other distribution method acceptable to us.

The timing and manner of payment are subject to the Tax Code's distribution rules (see "Taxation-Required Minimum Distributions"). In general, the death benefit must be applied to either an income phase payment option within one year of the contract holder's or annuitant's death or the entire contract value must be distributed within five years of the contract holder's or annuitant's date of death. An exception to this provision for nonqualified contracts applies if the designated beneficiary is the surviving spouse, in which case the beneficiary may continue the contract as the successor contract holder and generally may exercise all rights under the contract. Please see your contract for more details.

Requests for payment of the death benefit in a lump-sum will be paid within seven days following the next valuation date after we receive proof of death and a request for payment. Requests for continuing income phase payments or another form of distribution method must be in writing and received by us within the time period allowed by the Tax Code or the death benefit will be paid in a lump-sum and the contract will be canceled.

Unless the beneficiary elects otherwise, lump-sum payments will generally be made into an interest bearing account that is backed by our general account. This account can be accessed by the beneficiary through a checkbook feature. The beneficiary may access death benefit proceeds at any time through the checkbook without penalty. Interest credited on this account may be less than under other settlement options available under the contract.

Taxation. In general, payments received by your beneficiary after your death are taxed to the beneficiary in the same manner as if you had received those payments. Additionally, your beneficiary may be subject to tax penalties if he or she does not begin receiving death benefit payments within the timeframe required by the Tax Code. See "Taxation."

The Income Phase

During the income phase you stop contributing dollars to your contract and start receiving payments from your accumulated contract value.

Initiating Payments. To start receiving income phase payments, you must notify us in writing of all of the following:

- ▷ Payment start date;
- ▷ Income phase payment option (see the income phase payment options table in this section); and
- ▷ Choice of fixed, variable or a combination of both fixed and variable payments.

Your contract will continue in the accumulation phase until you properly initiate income phase payments. If you have not selected a required minimum distribution method, we will provide an income phase payment option to you at age 85, unless you notify us otherwise in writing. You may change the income phase payment option by notifying us in writing before the payment start date. Once an income phase payment option is selected, it may not be changed.

What Affects Payment Amounts. Some of the factors that may affect the amount of your income phase payments include your age, gender (under some contracts), contract value, the income phase payment option selected and whether you select fixed, variable or a combination of both fixed and variable payments.

Fixed Payments. Amounts funding fixed income phase payments will be held in the Company's general account. The amount of fixed payments does not vary with investment performance over time.

Variable Payments. Amounts funding your variable income phase payments will be held in the available subaccount(s) you select. Payment amounts will vary depending upon the performance of the subaccounts you select. For more information about how variable income phase payments are determined, call us for a copy of the Statement of Additional Information. See "Contract Overview-Questions: Contacting the Company."

Transfers. After income phase payments begin, you may transfer between subaccounts once per year.

Assumed Net Investment Rate. If you select variable income phase payments, an assumed net investment rate must also be selected. If you select a 5% rate, your first payment will be higher, but subsequent payments will increase only if the investment performance of the subaccounts you selected is greater than 5% annually, after deduction of fees. Payment amounts will decline if the investment performance is less than 5%, after deduction of fees.

If you select a 3½% rate, your first payment will be higher, but subsequent payments will increase only if the investment performance of the subaccounts you selected is greater than 3½% annually, after deduction of fees. Payment amounts will decline if the investment performance is less than 3½%, after deduction of fees. For more information about selecting and assumed net investment rate, request a copy of the Statement of Additional Information by calling us. See "Contract Overview-Questions: Contacting the Company."

Minimum Payment Amounts. Income phase payments may be made monthly unless we agree to a different payment schedule. We reserve the right to change the frequency of either fixed or variable payments so that each payment will be at least \$50 per month or \$250 per year. We reserve the right to increase the minimum first payment amount, if allowed by state law, based on increases reflected in the consumer price index urban (CPI-U) since July 1, 1993.

If the contract value less any outstanding loan balance at the payment start date is less than \$2,000, you will receive one lump-sum payment and the contract will be cancelled.

Restrictions on Start Dates and the Duration of Payments. Unless otherwise agreed to by us, your income phase payment start date must be the first business day of any calendar month. The start date must be at least 12 months after the issue date. If you do not select a start date, the start date will be the annuitant's 85th birthday. The latest start date is the annuitant's 99th birthday. If income phase payments start when the annuitant is at an advanced age, such as over 85, it is possible that the contract will not be considered an annuity for federal tax purposes. You may change the start date by notifying us in writing at least 30 days before the start date currently in effect and the new start date. The new start date must satisfy the requirements for a start date.

For 403(b) and IRA contracts only, income phase payments may not extend beyond:

- (a) The life of the annuitant;
- (b) The joint lives of the annuitant and beneficiary;
- (c) A guaranteed period greater than the annuitant's life expectancy; or
- (d) A guaranteed period greater than the joint life expectancies of the annuitant and beneficiary.

See "Taxation" for further discussion of rules relating to income phase payments.

Charges Deducted. When you select an income phase payment option (one of the options listed in the tables immediately below), a mortality and expense risk charge, consisting of a daily deduction of 1.40% on an annual basis, will be deducted from amounts held in the subaccounts. This charge compensates us for mortality and expense risks we assume under income phase payment options and is applicable to all income phase payment options, including variable options under which we do not assume a mortality risk. In this situation, this charge will be used to cover expenses. Although we expect to make a profit from this fee, we do not always do so. For variable options under which we do not assume a mortality risk, we may make a larger profit than under other options.

We do not charge a withdrawal charge for amounts applied to income phase payments.

Death Benefit During the Income Phase. The death benefits that may be available to a beneficiary are outlined in the income phase payment options table below. If a lump-sum payment is due as a death benefit, we will make payment within seven calendar days following the next valuation date after we receive proof of death acceptable to us and the request for the payment in good order at our administrative service center. If continuing income phase payments are elected, the beneficiary may not elect to receive a lump sum at a future date unless the income phase payment option specifically allows a withdrawal right. We will calculate the value of any death benefit at the next valuation date after we receive proof of death and a request for payment. Such value will be reduced by any payments made after the date of death.

Unless the beneficiary elects otherwise, lump-sum payments will generally be made into an interest bearing account that is backed by our general account. This account can be accessed by the beneficiary through a checkbook feature. The beneficiary may access death benefit proceeds at any time through the checkbook without penalty. Interest credited on this account may be less than under other settlement options available under the contract.

Partial Entry into the Income Phase. You may elect an income phase payment option for a portion of your contract value, while leaving the remaining portion invested in the accumulation phase. Amounts applied to income phase payments are treated as a withdrawal from the contract, and we reserve the right to deduct any premium taxes not already paid under the contract. Whether the Tax Code considers such payments taxable as income phase payments or as withdrawals is currently unclear; therefore, you should consult with a qualified tax adviser before electing this option. The same or different income phase payment option may be selected for the portion left invested in the accumulation phase. We do not charge a withdrawal charge for amounts applied to income phase payments.

Taxation. To avoid certain tax penalties, you or your beneficiary must meet the distribution rules imposed by the Tax Code. Additionally, when selecting an income phase payment option, the Tax Code requires that your expected payments will not exceed certain durations. See "Taxation" for additional information.

Income Phase Payment Options.

The following table lists the income phase payment options and accompanying death benefits available during the income phase. We may offer other income phase payment options under the contract from time to time.

Once income phase payments begin the income phase payment option selected may not be changed.

Terms to understand:

Annuitant(s): The person(s) on whose life expectancy(ies) the income phase payments are based.

Beneficiary(ies): The person(s) or entity(ies) entitled to receive a death benefit under the contract.

<i>Lifetime Income Phase Payment Options</i>	
Life Income	<p>Length of Payments: For as long as the annuitant lives. It is possible that only one payment will be made should the annuitant die prior to the second payment's due date.</p> <p>Death Benefit-None: All payments end upon the annuitant's death.</p>
Life Income-Guaranteed Payments*	<p>Length of Payments: For as long as the annuitant lives, with payments guaranteed for your choice of 5 to 30 years, or as otherwise specified in the contract.</p> <p>Death Benefit-Payment to the Beneficiary: If the annuitant dies before we have made all the guaranteed payments, we will pay the beneficiary a lump sum (unless otherwise requested) equal to the present value of the remaining guaranteed payments.</p>
Life Income-Two Lives	<p>Length of Payments: For as long as either annuitant lives. It is possible that only one payment will be made should both annuitants die before the second payment's due date.</p> <p>Continuing Payments:</p> <p>(a) When you select this option you choose for 100%, 66 2/3% or 50% of the payment to continue to the surviving annuitant after the first death; or</p> <p>(b) 100% of the payment to continue to the annuitant on the second annuitant's death, and 50% of the payment to continue to the second annuitant on the annuitant's death.</p> <p>Death Benefit-None: All payments end after the death of both annuitants.</p>
Life Income-Two Lives-Guaranteed Payments*	<p>Length of Payments: For as long as either annuitant lives, with payments guaranteed for your choice of 5 to 30 years, or as otherwise specified in the contract.</p> <p>Continuing Payments: 100% of the payment to continue to the surviving annuitant after the first death.</p> <p>Death Benefit-Payment to the Beneficiary: If both annuitants die before the guaranteed payments have all been paid, we will pay the beneficiary a lump sum (unless otherwise requested) equal to the present value of the remaining guaranteed payments.</p>
Life Income-Cash Refund Option (fixed payment only)	<p>Length of Payments: For as long as the annuitant lives.</p> <p>Death Benefit-Payment to the Beneficiary: Following the annuitant's death, we will pay a lump-sum payment equal to the amount originally applied to the payment option (less any premium tax) and less the total amount of fixed income phase payments paid.</p>
Life Income-Two Lives-Cash Refund Option (fixed payment only)	<p>Length of Payments: For as long as either annuitant lives.</p> <p>Continuing Payment: 100% of the payment to continue after the first death.</p> <p>Death Benefit-Payment to the Beneficiary: When both annuitants die, we will pay a lump-sum payment equal to the amount applied to the income phase payment option (less any premium tax) and less the total amount of fixed income phase payments paid.</p>
<i>Nonlifetime Income Phase Payment Options</i>	
Nonlifetime-Guaranteed Payments*	<p>Length of Payments: Payments will continue for 5-30 years based upon the number of years you choose when selecting this option. In certain cases a lump-sum payment may be requested at any time (see below).</p> <p>Death Benefit-Payment to the Beneficiary: If the annuitant dies before we make all the guaranteed payments, any remaining guaranteed payments will continue to the beneficiary unless the beneficiary elects to receive the present value of the remaining guaranteed payments in a lump sum.</p>
<p>Lump-Sum Payment: If the Nonlifetime-Guaranteed Payments option is elected with variable payments, you may request at any time that all or a portion of the present value of the remaining payments be paid in one lump sum. A lump sum elected before five years of income phase payments have been completed will be treated as a withdrawal during the accumulation phase and we will charge any applicable early withdrawal charge. See "Fees - Early Withdrawal Charge." Lump-sum payments will be sent within seven calendar days after we receive the request for payment in good order at the Home Office.</p> <p>Calculation of Lump-Sum Payments: If a lump-sum payment is available to a beneficiary or to you in the options above, the rate we use to calculate the present value of the remaining guaranteed payments is the same rate we use to calculate the income phase payments (i.e., the actual fixed rate used for the fixed payments, or the 3½% or 5% assumed net investment rate for variable payments).</p>	
*Guaranteed period payments may not extend beyond the shorter of your life expectancy or until your age 95.	

Taxation

In this Section

INTRODUCTION

CONTRACT TYPE

WITHDRAWALS AND OTHER DISTRIBUTIONS

- ▷ Taxation of Distributions
- ▷ 10% Penalty Tax
- ▷ Withholding for Federal Income Tax Liability

REQUIRED MINIMUM DISTRIBUTIONS

- ▷ Minimum Distribution of Death Benefit Proceeds (403(b) plans and 408(b) and 408A IRAs)
- ▷ Minimum Distribution of Death Benefit Proceeds (Nonqualified Contracts)

RULES SPECIFIC TO CERTAIN PLANS

- ▷ 403(b) Plans
- ▷ 408(b) and 408A IRAs

TAXATION OF NONQUALIFIED CONTRACTS

POSSIBLE CHANGES IN TAXATION

TAXATION OF THE COMPANY

When consulting a tax adviser, be certain that he or she has expertise in the Tax Code sections applicable to your tax concerns.

INTRODUCTION

This section discusses our understanding of current federal income tax laws affecting the contract. You should keep the following in mind when reading it:

- ▷ Your tax position (or the tax position of the designated beneficiary, as applicable) determines federal taxation of amounts held or paid out under the contract.
- ▷ Tax laws change. It is possible that a change in the future could affect contracts issued in the past.
- ▷ This section addresses federal income tax rules and does not discuss federal estate and gift tax implications, state and local taxes or any other tax provisions.
- ▷ We do not make any guarantee about the tax treatment of the contract or any transaction involving the contract.

We do not intend this information to be tax advice. For advice about the effect of federal income taxes or any other taxes on amounts held or paid out under the contract, consult a tax adviser. No attempt is made to provide more than general information about the use of the contract with tax-qualified retirement arrangements. For more comprehensive information contact the Internal Revenue Service (IRS).

Taxation of Gains Prior to Distribution. Under the federal tax laws, earnings on amounts held in annuity contracts are generally not taxed until they are withdrawn. However, in the case of a qualified retirement arrangement (such as a 403(b) plan, or an IRA), an annuity contract is not necessary to obtain this favorable tax treatment and does not provide any tax benefits beyond the deferral already available to the tax qualified account itself. However, annuities do provide other features and benefits (such as the guaranteed death benefits and the lifetime income phase options at established rates) that may be valuable to you. You should discuss your alternatives with your financial representative taking into account the additional fees and expenses you may incur in an annuity.

Additionally, although earnings under the contract are generally not taxed until withdrawn, the Internal Revenue Service (IRS) has stated in published rulings that a variable contract owner will be considered the owner of separate account assets if the contract owner possesses incidents of investment control over the assets. In these circumstances income and gains from the separate account assets would be currently includible in the variable contract owner's gross income. The Treasury announced that it will issue guidance regarding the extent to which owners could direct their investments among subaccounts without being treated as owners of the underlying assets of the separate account. It is possible that the Treasury's position, when announced, may adversely affect the tax treatment of existing contracts. The Company therefore reserves the right to modify the contract as necessary to attempt to prevent the contract holder from being considered the federal tax owner of a pro rata share of the assets of the separate account.

Diversification. Tax Code section 817(h) requires that in a nonqualified contract the investments of the funds be "adequately diversified" in accordance with Treasury Regulations in order for the contract to qualify as an annuity contract under federal tax law. The separate account, through the funds, intends to comply with the diversification requirements prescribed by Tax Code section 817(h) and by the Treasury in Reg. Sec. 1.817-5, which affects how the funds' assets may be invested.

CONTRACT TYPE

The contract is designed for use on a non-tax qualified basis as a nonqualified contract or with certain retirement arrangements that qualify under Tax Code sections 403(b), 408(b) or 408A ("qualified retirement arrangement").

Tax Rules. The tax rules vary according to whether the contract is a nonqualified contract or used with a qualified retirement arrangement. If used with a qualified retirement arrangement, you need to know the Tax Code section under which your arrangement qualifies. Contact your plan sponsor, sales representative or the Company to learn which Tax Code section applies to your arrangement.

The Contract. Contract holders are responsible for determining that contributions, distributions and other transactions satisfy applicable laws. Legal counsel and a tax adviser should be consulted regarding the suitability of the contract. If a contract is purchased in conjunction with a retirement plan, the plan is not a part of the contract and we are not bound by the plan's terms or conditions.

WITHDRAWALS AND OTHER DISTRIBUTIONS

Certain tax rules apply to distributions from the contracts. A distribution is any amount taken from a contract including withdrawals, income phase payments, rollovers, exchanges and death benefit proceeds. We report the taxable portion of all distributions to the IRS.

Taxation of Distributions

Nonqualified Contracts. A full withdrawal of a nonqualified contract is taxable to the extent that the amount received exceeds the investment in the contract. A partial withdrawal is taxable to the extent that the contract value immediately before the withdrawal exceeds the investment in the contract. In other words, a partial withdrawal is treated first as a withdrawal of taxable earnings. The contract value that applies for this purpose is unclear in some respects. For example, the guaranteed living benefits available under the contracts (i.e. the MGAB and MGWB) could increase the contract value that applies. Thus, the income on the contracts could be higher than the amount of income that would be determined. As a result, you could have higher amounts of income that will be reported to you.

For income phase payments a portion of each payment which represents the investment in the contract is not taxable. An exclusion ratio is calculated to determine the nontaxable portion.

Section 1035 of the Tax Code permits the exchange of a life insurance, endowment or annuity contract for an annuity contract on a tax-free basis. In such instance, the "investment in the contract" in the old contract will carry over to the new contract. You should consult with your tax advisor regarding procedures for making Section 1035 exchanges.

If your contract is purchased through a tax-free exchange of a life insurance, endowment or annuity contract that was purchased prior to August 14, 1982, then any distributions other than annuity payments will be treated, for tax purposes, as coming:

- First, from any remaining "investment in the contract" made prior to August 14, 1982 and exchange into the contract;
- Next, from any "income on the contract" attributable to the investment made prior to August 14, 1982;
- Then, from any remaining "income on the contract"; and
- Lastly, from any remaining "investment in the contract."

For fixed income phase payments in general, there is no tax on the portion of each payment which represents the same ratio that the investment in the contract bears to the total dollar amount of the expected payments as defined in Tax Code section 72(c). The entire payment will be taxable once the recipient has recovered the investment in the contract.

For variable income phase payments, an equation is used to establish a specific dollar amount of each payment that is not taxed. The dollar amount is determined by dividing the investment in the contract by the total number of expected periodic payments. The entire income phase payment will be taxable once the recipient has recovered the investment in the contract.

All deferred nonqualified annuity contracts that are issued by the Company (or its affiliates) to the same contract holder during any calendar year are treated as one annuity contract for purposes of determining the amount includible in gross income under Tax Code section 72(e). In addition, the Treasury Department has specific authority to issue regulations that prevent the avoidance of Tax Code section 72(e) through the serial purchase of annuity contracts or otherwise.

403(b) Plans. All distributions from these plans are taxed as received unless either of the following is true:

- ▷ The distribution is rolled over to another plan eligible to receive rollovers or to a traditional IRA in accordance with the Tax Code; or
- ▷ You made after-tax contributions to the plan. In this case, depending upon the type of distribution, the amount will be taxed according to the rules detailed in the Tax Code.

408(b) IRAs. All distributions from a traditional IRA are taxed as received unless either one of the following is true:

- ▷ The distribution is rolled over to another traditional IRA or to a plan eligible to receive rollovers; or
- ▷ You made after-tax contributions to the plan. In this case the distribution will be taxed according to rules detailed in the Tax Code.

408A Roth IRAs. A qualified distribution from a Roth IRA is not taxed when it is received. A qualified distribution is a distribution:

- ▷ Made after the five-taxable year period beginning with the first taxable year for which a contribution was made; and
- ▷ Made after you attain age 59½, die, become disabled as defined in the Tax Code or for a qualified first-time home purchase.

If a distribution is not qualified, it will be taxable to the extent of the accumulated earnings. A partial distribution will first be treated as a return of contributions which is not taxable and then as taxable accumulated earnings.

Taxation of Death Benefit Proceeds. In general, payments received by your beneficiaries after your death are taxed in the same manner as if you had received those payments.

10% Penalty Tax

Under certain circumstances the Tax Code may impose a 10% penalty tax on the taxable portion of any distribution from a nonqualified contract or from a contract used with a 403(b), 408(b) or 408A arrangement.

Nonqualified Contracts. The 10% penalty tax applies to the taxable portion of a distribution from a nonqualified annuity unless certain exceptions apply, including one or more of the following:

- (a) You have attained age 59½;
- (b) You have become disabled as defined in the Tax Code;
- (c) You have died and the distribution is to your beneficiary;
- (d) The distribution is made in substantially equal periodic payments (at least annually) over your life or life expectancy or the joint lives or joint life expectancies of you and your designated beneficiary; or
- (e) The distribution is allocable to investment in the contract before August 14, 1982.

403(b) Plans. The Tax Code imposes a 10% penalty tax on the taxable portion of any distribution from a 403(b) plan, unless certain exceptions, including one or more of the following, have occurred:

- (a) You have attained age 59½;
- (b) You have become disabled, as defined in the Tax Code;
- (c) You have died and the distribution is to your beneficiary;
- (d) You have separated from service with the sponsor at or after age 55;
- (e) The distribution amount is rolled over into another eligible plan or to an IRA in accordance with the terms of the Tax Code;
- (f) You have separated from service with the plan sponsor and the distribution amount is made in substantially equal periodic payments (at least annually) over your life or the life expectancy or the joint lives or joint life expectancies of you and your designated beneficiary; or
- (g) The distribution is made due to an IRS levy upon your contract.

408(b) and 408A IRAs. In general, except for (d) above, the exceptions for 403(b) plans also apply to distributions from an IRA, including a distribution from a Roth IRA that is not a qualified distribution or a rollover to a Roth IRA that is not a qualified rollover contribution. The penalty tax is also waived on a distribution made from a Roth IRA to pay for health insurance premiums for certain unemployed individuals or used for a qualified first-time home purchase or for higher education expenses.

Withholding for Federal Income Tax Liability

Any taxable distributions under the contract are generally subject to withholding. Federal income tax liability rates vary according to the type of distribution and the recipient's tax status.

Nonqualified Contracts. Generally, you or a designated beneficiary may elect not to have tax withheld from distributions.

403(b) Plans. Generally, under these plans you or a designated beneficiary may elect not to have tax withheld from distributions. However, certain distributions from these plans are subject to a mandatory 20% federal income tax withholding.

408(b) and 408A IRAs. Generally, you or a designated beneficiary may elect not to have tax withheld from distributions.

Non-resident Aliens. If you or your designated beneficiary are non-resident aliens, then any withholding is governed by Tax Code section 1441 based on the individual's citizenship, the country of domicile and treaty status.

REQUIRED MINIMUM DISTRIBUTIONS

To avoid certain tax penalties, you and any designated beneficiary must meet the required minimum distributions imposed by the Tax Code. The requirements do not apply to either nonqualified contracts or Roth IRA contracts, except with regard to death benefits. These rules may dictate one or more of the following:

- ▷ Start date for distributions;
- ▷ The time period in which all amounts in your contract(s) must be distributed; or
- ▷ Distribution amounts.

Start Date. Generally, you must begin receiving distributions by April 1 of the calendar year following the calendar year in which you attain age 70½ or retire, whichever occurs later, unless:

- ▷ You are a 5% owner or the contract is an IRA, in which case such distributions must begin by April 1 of the calendar year following the calendar year in which you attain age 70½; or
- ▷ Under 403(b) plans, if the Company maintains separate records of amounts held as of December 31, 1986. In this case distribution of these amounts generally must begin by the end of the calendar year in which you attain age 75 or retire, if later. However, if you take any distributions in excess of the minimum required amount, then special rules require that some or all of the December 31, 1986 balance be distributed earlier.

Time Period. We must pay out distributions from the contract over one of the following time periods:

- ▷ Over your life or the joint lives of you and your designated beneficiary; or
- ▷ Over a period not greater than your life expectancy or the joint life expectancies of you and your designated beneficiary.

50% Excise Tax. If you fail to receive the required minimum distribution for any tax year, a 50% excise tax is imposed on the required amount that was not distributed.

Minimum Distribution of Death Benefit Proceeds (403(b) Plans and 408(b) and 408A IRAs)

The following applies to 403(b) plans and 408(b) and 408(A) IRAs. Different distribution requirements apply if your death occurs:

- ▷ After you begin receiving minimum distributions under the contract; or
- ▷ Before you begin receiving such distributions.

If your death occurs after you begin receiving minimum distributions under the contract, distributions must be made at least as rapidly as under the method in effect at the time of your death. Tax Code section 401(a)(9) provides specific rules for calculating the minimum required distributions at your death.

If your death occurs before you begin receiving minimum distributions under the contract, your entire balance must be distributed by December 31 of the calendar year containing the fifth anniversary of the date of your death. For example, if you die on September 1, 2005, your entire balance must be distributed to the designated beneficiary by December 31, 2010. However, if the distributions begin by December 31 of the calendar year following the calendar year of your death, then payments may be made over either of the following timeframes:

- ▷ Over the life of the designated beneficiary; or
- ▷ Over a period not extending beyond the life expectancy of the designated beneficiary.

Start Dates for Spousal Beneficiaries. If the designated beneficiary is your spouse, distributions must begin on or before the later of the following:

- ▷ December 31 of the calendar year following the calendar year of your death; or
- ▷ December 31 of the calendar year in which you would have attained age 70½.

Special Rule for IRA Spousal Beneficiaries. In lieu of taking a distribution under these rules, a spousal beneficiary may elect to treat the contract as his or her own IRA and defer taking a distribution until his or her age 70½. The surviving spouse is deemed to have made such an election if the surviving spouse makes a rollover to or from the contract or fails to take a distribution within the required time period.

Minimum Distribution of Death Benefit Proceeds (Nonqualified Contracts)

Death of the Contract Holder. The following requirements apply to nonqualified contracts at your death. Different distribution requirements apply if your death occurs:

- ▷ After you begin receiving income phase payments under the contract; or
- ▷ Before you begin receiving such distributions.

If your death occurs after you begin receiving income phase payments, distributions must be made at least as rapidly as under the method in effect at the time of your death.

If your death occurs before you begin receiving income phase payments, your entire balance must be distributed within five years after the date of your death. For example, if you die on September 1, 2005, your entire balance must be distributed by August 31, 2010. However, if distributions begin within one year of your death, then payments may be made over one of the following timeframes:

- ▷ Over the life of the designated beneficiary; or
- ▷ Over a period not extending beyond the life expectancy of the designated beneficiary.

Spousal Beneficiaries. If the designated beneficiary is your spouse, the contract may be continued with the surviving spouse as the new contract holder.

Death of Annuitant. If the contract holder is a non-natural person and the primary annuitant dies, the same rules apply on the death of the primary annuitant as outlined above for death of a contract holder. If the contract holder is a natural person but not the annuitant and the annuitant dies, the designated beneficiary must elect an income phase payment option within 60 days of the date of death, or any gain under the contract will be includible in the designated beneficiary's income in the year the annuitant dies.

Tax Consequences of Enhanced Death Benefit

The contract offers a death benefit (including the annual stepped up death benefit) that may exceed the greater of the premium payments and the contract value. It is possible that the IRS could characterize such a death benefit as an incidental death benefit. There are limitations on the amount of incidental benefits that may be provided under pension and profit sharing plans. In addition, the provision of such benefits may result in currently taxable income

to contract owners. Also, the presence of the death benefit as well as certain other contract benefits (including the optional living benefits) may affect the amount of required distributions. Finally, certain charges are imposed with respect to some of the available death benefit riders. It is possible that these charges (or some portion thereof) could be treated for federal tax purposes as a distribution from the contract.

RULES SPECIFIC TO CERTAIN PLANS

403(b) Plans

Tax Code sections 403(b) permit certain employers to establish a retirement plan for employees and permits self-employed individuals to establish various types of retirement plans for themselves and for their employees. These retirement plans may permit the purchase of the contracts to accumulate retirement savings under the plans.

Assignment or Transfer of Contracts. Adverse tax consequences to the plan and/or to you may result if your beneficial interest in the contract is assigned or transferred to persons other than:

- ▷ A plan participant as a means to provide benefit payments;
- ▷ An alternate payee under a qualified domestic relations order in accordance with Tax Code section 414(p); or
- ▷ The Company as collateral for a loan.

Exclusions from Gross Income. In order to be excludable from gross income for federal income tax purposes, total annual contributions made by you and your employer cannot exceed, generally, the lesser of 100% of your compensation or \$42,000. Compensation means your compensation from the employer sponsoring the plan and, for years beginning after December 31, 1997, includes any elective deferrals under Tax Code section 402(g) and any amounts not includible in gross income under Tax Code sections 125.

This limit applies to your contributions as well as to any contributions made by your employer on your behalf. An additional limit specifically limits your salary reduction contributions to a 401(k) or 403(b) plan to generally no more than \$14,000 in 2005. This limit is scheduled to increase to \$15,000 in 2006.

After 2006 contribution limits will be subject to indexing. Your own limit may be higher or lower, depending upon certain conditions.

Purchase payments to your contract(s) will be excluded from your gross income only if the plan meets certain nondiscrimination requirements.

Catch-up Contributions. Notwithstanding the contribution limit provided for above, a participant in a 403(b) (subject to the plan, if applicable) plan who is at least age 50 by the end of the plan year may contribute an additional amount not to exceed the lesser of:

- (a) The amount provided for in Tax Code Section 414(v)(2)(B) as follows:
 - ▷ \$4,000 in 2005;
 - ▷ \$5,000 in 2006 and thereafter; or
- (b) The participant's compensation for the year reduced by any other elective deferrals of the participant for the year.

Restrictions on Distributions. Distribution of amounts restricted under Tax Code section 403(b)(11) may only occur upon your death, attainment of age 59½, severance from employment, disability or financial hardship. Such distributions remain subject to other applicable restrictions under the Tax Code.

Transfers from 403(b)(7) Custodial Accounts. If, pursuant to Revenue Ruling 90-24, the Company agrees to accept, under any of the contracts, amounts transferred from a Tax Code section 403(b)(7) custodial account, such amounts will be subject to the withdrawal restrictions set forth in Tax Code section 403(b)(7)(A)(ii).

408(b) and 408A IRAs

Tax Code section 408(b) permits eligible individuals to contribute to a traditional IRA on a pre-tax (deductible) basis. Employers may establish Simplified Employee Pension (SEP) plans and contribute to a traditional IRA owned by the employee. Tax Code section 408A permits eligible individuals to contribute to a Roth IRA on an after-tax (nondeductible) basis.

Assignment or Transfer of Contracts. Adverse tax consequences may result if you assign or transfer your interest in the contract to persons other than your spouse incident to a divorce.

Eligibility. Eligibility to contribute to a traditional IRA on a pre-tax basis or to establish a Roth IRA or to roll over or transfer from a traditional IRA to a Roth IRA depends upon your adjusted gross income.

Sales of a contract for use with a traditional or Roth IRA may be subject to special requirements of the IRS. The IRS has not reviewed the contracts described in this prospectus for qualification as IRAs and has not addressed, in a ruling of general applicability, whether the contract's death benefit provisions comply with IRS qualification requirements.

Rollovers and Transfers. Rollovers and direct transfers are permitted from a 401 or 403(b) arrangement to a traditional IRA. Distributions from these arrangements are not permitted to be transferred or rolled over to a Roth IRA. A Roth IRA can accept transfers/rollovers only from a traditional IRA, subject to ordinary income tax, or from another Roth IRA.

TAXATION OF NONQUALIFIED CONTRACTS

In General. Tax Code section 72 governs taxation of annuities in general. Under a nonqualified contract if you are a natural person you generally are not taxed on increases in the contract value until distribution occurs by withdrawing all or part of such contract value. The taxable portion of a distribution is taxable as ordinary income.

Non-Natural Holders of a Nonqualified Contract. If you are not a natural person, a nonqualified contract generally is not treated as an annuity for income tax purposes and the income on the contract for the taxable year is currently taxable as ordinary income. Income on the contract is any increase over the year in the withdrawal value, adjusted for purchase payments made during the year, amounts previously distributed and amounts previously included in income. There are some exceptions to this rule and a non-natural person should consult with its tax adviser prior to purchasing the contract. A non-natural person exempt from federal income taxes should consult with its tax adviser regarding treatment of income on the contract for purposes of the unrelated business income tax. When the contract holder is not a natural person, a change in annuitant is treated as the death of the contract holder.

Transfers, Assignments or Exchanges of a Nonqualified Contract. A transfer of ownership of a nonqualified contract, the designation of an annuitant, payee or other designated beneficiary who is not also the contract holder, the selection of certain annuity dates or the exchange of a contract may result in certain tax consequences. The assignment, pledge or agreement to assign or pledge any portion of the contract value generally will be treated as a distribution. Anyone contemplating any such designation, transfer, assignment, selection or exchange should contact a tax adviser regarding the potential tax effects of such a transaction.

Tax-Free Exchanges. Section 1035 of the Tax Code permits the exchange of a life insurance, endowment or annuity contract for an annuity contract on a tax-free basis. In such instance, the "investment in the contract" in the old contract will carry over to the new contract. You should consult with your tax advisor regarding procedures for making a Section 1035 exchange.

Delayed Income Phase Start Date. If the contract's income phase start date occurs (or is scheduled to occur) at a time when the annuitant has reached an advanced age (e.g., age 85), it is possible that the contract would not be treated as an annuity for federal income tax purposes. In that event, the income and gains under the contract could be currently includible in your income.

POSSIBLE CHANGES IN TAXATION

Although the likelihood of legislative change is uncertain, there is always the possibility that the tax treatment of the contracts could change by legislation or other means. It is also possible that any change could be retroactive (that is, effective before the date of the change). You should consult a tax adviser with respect to legislative developments and their effect on the contract.

TAXATION OF THE COMPANY

We are taxed as a life insurance company under the Tax Code. Separate Account N is not a separate entity from us. Therefore, it is not taxed separately as a "regulated investment company" but is taxed as part of the Company.

We automatically apply investment income and capital gains attributable to the separate account to increase reserves under the contracts. Because of this, under existing federal tax law we believe that any such income and gains will not be taxed to the extent that such income and gains are applied to increase reserves under the contracts. In addition, any foreign tax credits attributable to the separate account will be first used to reduce any income taxes imposed on the separate account before being used by the Company.

In summary, we do not expect that we will incur any federal income tax liability attributable to the separate account and we do not intend to make any provision for such taxes. However, changes in federal tax laws and/or their interpretation may result in our being taxed on income or gains attributable to the separate account. In this case we may impose a charge against the separate account (with respect to some or all of the contracts) to set aside provisions to pay such taxes. We may deduct this amount from the separate account, including from your contract value invested in the subaccounts.

Contract Distribution

General

Our affiliate, ING Financial Advisers, LLC, serves as the principal underwriter for the contract. ING Financial Advisers, LLC, a Delaware limited liability company, is registered as a broker-dealer with the SEC. ING Financial Advisers is also a member of the National Association of Securities Dealers, Inc. (NASD) and the Securities Investor Protection Corporation. ING Financial Advisers, LLC's principal office is located at 151 Farmington Avenue, Hartford, Connecticut 06156.

The contracts are offered to the public by individuals who are registered representatives of ING Financial Advisers, LLC or of other broker-dealers which have entered into selling arrangements with ING Financial Advisers, LLC. We refer to ING Financial Advisers, LLC and the other broker-dealers selling the contract as "distributors." All registered representatives selling the contract must be licensed as insurance agents for the Company.

Broker-dealers which have or may enter into selling agreements with ING Financial Advisers, LLC include the following broker-dealers which are affiliated with the Company:

Banknorth Investment Group, Inc.	ING Barings Corp.
Baring Investment Services, Inc.	ING Direct Funds Limited
Compulife Investor Services, Inc.	ING DIRECT Securities, Inc.
Directed Services, Inc.	ING Financial Partners, Inc.
Financial Network Investment Corporation	ING Funds Distributor, Inc.
Granite Investment Services, Inc.	Multi-Financial Securities Corporation
Guaranty Brokerage Services, Inc.	Prime Vest Financial Services, Inc.
ING America Equities, Inc.	Systematized Benefits Administrators, Inc.

Registered representatives of distributors who solicit sales of the contracts typically receive a portion of the compensation paid to the distributor in the form of commissions or other compensation, depending upon the agreement between the distributor and the registered representative. This compensation, as well as other incentives or payments, is not paid directly by contract owners or the separate account. We intend to recoup this compensation and other sales expenses paid to distributors through fees and charges imposed under the contracts.

Commission Payments. Persons who offer and sell the contracts may be paid a commission. The maximum amount that may be paid with respect to a given purchase payment ranges from 0% to a maximum of 5.40% of the payments to a contract. Asset-based compensation of up to 1% may also be paid.

To the extent permitted by SEC and NASD rules and other applicable laws and regulations, we may also pay or allow other promotional incentives or payments in the form of cash payments or other compensation to distributors, which may require the registered representative to attain a certain threshold of sales of Company products. Individual registered representatives may receive all or a portion of compensation paid to their distributor, depending upon the firm's practices. Commissions and annual payments, when combined, could exceed 5.40% of total premium payments.

We may also enter into special compensation arrangements with certain distributors based on those firms' aggregate or anticipated sales of the contracts or other criteria. These special compensation arrangements will not be offered to all distributors, and the terms of such arrangements may differ among distributors based on various factors. Any such compensation payable to a distributor will not result in any additional direct charge to you by us.

Some sales personnel may receive various types of non-cash compensation as special sales incentives, including trips, and we may also pay for some sales personnel to attend educational and/or business seminars. Any such compensation will be paid in accordance with SEC and NASD rules. Management personnel of the Company, and of its affiliated broker-dealers, may receive additional compensation if the overall amount of investments in funds advised by the Company or its affiliates meets certain target levels or increases over time. Compensation for certain management personnel, including sales management personnel, may be enhanced if the overall amount of investments in the contracts and other products issued or advised by the Company or its affiliates increases over time. Certain sales management personnel may also receive compensation that is a specific percentage of the commissions paid to distributors or of purchase payments received under the contracts.

In addition to direct cash compensation for sales of contracts described above, distributors may also be paid additional compensation or reimbursement of expenses for their efforts in selling contracts to you and other customers. These amounts may include:

- Wholesaling fees calculated as a percentage of the commissions paid to distributors or of purchase payments received under the contracts;
- Marketing allowances;
- Education and training allowances to facilitate our attendance at certain educational and training meetings to provide information and training about our products, including holding training programs at our expense;
- Sponsorship payments to support attendance at meetings by registered representatives who sell our products;
- Reimbursement for the cost of attendance by registered representatives at conventions that we sponsor;
- Loans or advances of commissions in anticipation of future receipt of premiums (a form of lending to registered representatives). These loans may have advantageous terms, such as reduction or elimination of the interest charged on the loan and/or forgiveness of the principal amount of the loan, which may be conditioned on contract sales.

We pay dealer concessions, wholesaling fees, overrides, bonuses, other allowances and benefits and the costs of all other incentives or training programs from our resources, which include the fees and charges imposed under the contracts.

The following is a list of the top 25 selling firms that, during 2004, received the most compensation, in the aggregate, from us in connection with the sale of registered variable annuity contracts issued by the Company, ranked by total dollars received.

- | | |
|--------------------------------------|--|
| 1. ING Financial Partners, Inc. | 14. National Planning Corporation |
| 2. Planmember Securities Corporation | 15. Linsco/Private Ledger Corp. |
| 3. PMG Securities Corporation | 16. Pacific West Securities, Inc. |
| 4. T.S. Phillips Investments, Inc. | 17. Centaurus Financial, Inc. |
| 5. Lincoln Investment Planning Inc. | 18. Raymond James Financial Services, Inc. |
| 6. Royal Alliance Associates, Inc. | 19. Oppenheimer & Co. Inc. |
| 7. Stuart Securities Corp. | 20. Financial Network Investment Corporation |
| 8. G L P Investment Services, LLC | 21. Mutual Service Corporation |
| 9. Dominion Investor Services, Inc. | 22. Woodbury Financial Services, Inc. |
| 10. Legend Equities Corporation | 23. OneAmerica Securities, Inc. |
| 11. Veritrust Financial, LLC | 24. Pan-American Financial Advisors |
| 12. SunAmerica Securities, Inc. | 25. Sammons Securities Company, LLC |
| 13. Brecek & Young Advisors, Inc. | |

If the amounts paid to ING Financial Advisers, LLC were included, the amounts paid to ING Financial Advisers, LLC would be second on the list.

This is a general discussion of the types and levels of compensation paid by us for the sale of our variable annuity contracts. It is important for you to know that the payment of volume or sales-based compensation to a distributor or registered representative may provide that registered representative a financial incentive to promote our contracts over those of another Company, and may also provide a financial incentive to promote one of our contracts over another.

The names of the distributor and the registered representative responsible for your contract are stated in your enrollment materials.

Other Topics

The Company

We issue the contracts described in this prospectus and are responsible for providing each contract's insurance and annuity benefits.

We are a stock life insurance company organized in 1885 and incorporated under the insurance laws of the State of Minnesota. We are an indirect subsidiary of ING Groep N.V. (ING). ING is a global financial institution active in the fields of insurance, banking and asset management.

We offer individual life insurance and annuities, employee benefits and retirement contracts. We are authorized to do business in the District of Columbia and in all states, except New York.

Our Home Office:

20 Washington Avenue South
Minneapolis, Minnesota 55401

Our Administrative Service Center:
ING Service Center
P.O. Box 5050
Minot, North Dakota 58702-5050

We are a charter member of the Insurance Marketplace Standards Association (IMSA). Companies that belong to IMSA subscribe to a rigorous set of standards that cover the various aspects of sales and service for individually sold life insurance and annuities. IMSA members have adopted policies and procedures that demonstrate a commitment to honesty, fairness and integrity in all customer contacts involving sales and service of individual life insurance and annuity products.

Separate Account N

We established Separate Account N on October 1, 2002 under the insurance laws of the State of Minnesota. The separate account is registered as a unit investment trust under the Investment Company Act of 1940, as amended (the 1940 Act). It also meets the definition of "separate account" under the federal securities laws.

The separate account is divided into subaccounts. The subaccounts invest directly in shares of a pre-assigned fund.

Although we hold title to the assets of the separate account, such assets are not chargeable with the liabilities of any other business that we conduct. Income, gains or losses of the separate account are credited to or charged against the assets of the separate account without regard to other income, gains or losses of the Company. All obligations arising under the contract are obligations of the Company.

We may, if it is in the best interest of our contract holders:

- ▷ Manage the separate account as a management investment company under the 1940 Act;
- ▷ Deregister the separate account under the 1940 Act, if registration is no longer required;
- ▷ Combine the separate accounts of the Company; or
- ▷ Reallocate assets of the separate account to another separate account.

Performance Reporting

We may advertise different types of historical performance for the subaccounts including:

- ▷ standardized average annual total returns; and
- ▷ non-standardized average annual total returns.

We may also advertise certain ratings, rankings or other information related to the Company, the subaccounts or the funds.

Standardized Average Annual Total Returns. We calculate standardized average annual total returns according to a formula prescribed by the SEC. This shows the percentage return applicable to \$1,000 invested in the subaccounts over the most recent month end, one, five and ten-year periods. If the investment option was not available for the full period, we give a history from the date money was first received in that option under the separate or from the date the fund was first available under the separate account. As an alternative to providing the most recent month-end performance, we may provide a phone number, website or both where these returns may be obtained.

We include all recurring charges during each period (e.g., mortality and expense risk charges, annual contract charges, administrative expense charges, death benefit rider charges, and any applicable early withdrawal charges).

Non-Standardized Average Annual Total Returns. We calculate non-standardized average annual total returns in a similar manner as that stated above, except we may include returns that do not reflect the deduction of any applicable early withdrawal charge. Some non-standardized returns may also exclude the effect of a maintenance fee. If we reflected these charges in the calculation, it would decrease the level of performance reflected by the calculation. Non-standardized returns may also include performance from the fund's inception date, if that date is earlier than the one we use for standardized returns.

Voting Rights

Each of the subaccounts holds shares in a fund and each is entitled to vote at regular and special meetings of that fund. Under our current view of applicable law, we will vote the shares for each subaccount as instructed by persons having a voting interest in the subaccount. If you are a contract holder under the contract, you have a fully vested interest in the contract and may instruct the Company how to cast a certain number of votes. We will vote shares for which instructions have not been received in the same proportion as those for which we received instructions. Each person who has a voting interest in the separate account will receive periodic reports relating to the funds in which he or she has an interest, as well as any proxy materials and a form on which to give voting instructions. Voting instructions will be solicited by written communication before the meeting.

The number of votes (including fractional votes) you are entitled to direct will be determined as of the record date set by any fund you invest in through the subaccounts.

- ▷ During the accumulation phase the number of votes is equal to the portion of your contract value invested in the fund, divided by the net asset value of one share of that fund.
- ▷ During the income phase the number of votes is equal to the portion of reserves set aside for the contract's share of the fund, divided by the net asset value of one share of that fund.

We may restrict or eliminate any voting rights of persons who have voting rights as to the separate account.

Contract Modifications

We may change the contract as required by federal or state law or as otherwise permitted in the contract. Certain changes will require the approval of appropriate state or federal regulatory authorities.

Addition, Deletion or Substitution of Fund Shares

The Company, in its sole discretion, reserves the following rights:

- ▷ The Company may add to, delete from or substitute shares that may be purchased for or held in the separate account. The Company may establish additional subaccounts, each of which would invest in shares of a new portfolio of a fund or in shares of another investment company having a specified investment objective. Any new subaccounts may be made available to existing contract owners on a basis to be determined by the Company.
- ▷ The Company may, in its sole discretion, eliminate one or more subaccounts, or close subaccounts to new premium or transfers, if marketing, tax considerations or investment conditions warrant.
- ▷ If the shares of a fund are no longer available for investment or if in the Company's judgment further investment in a fund should become inappropriate in view of the purposes of the separate account, the Company may redeem the shares, if any, of that portfolio and substitute shares of another registered open-end management investment company.

- ▷ The Company may restrict or eliminate any voting privileges of contract owners or other persons who have voting privileges as to the separate account.
- ▷ The Company may make any changes required by the 1940 Act.
- ▷ In the event any of the foregoing changes or substitutions are made, the Company may endorse the contracts to reflect the change or substitution.

The Company's reservation of rights is expressly subject to the following when required:

- ▷ Applicable Federal and state laws and regulations.
- ▷ Notice to contract owners.
- ▷ Approval of the SEC and/or state insurance authorities.

Legal Matters and Proceedings

We are not aware of any pending legal proceedings which involve the separate account as a party.

We are, or may be in the future, a defendant in various legal proceedings in connection with the normal conduct of our insurance operations. Some of these cases may seek class action status and may include a demand for punitive damages as well as for compensatory damages. In the opinion of management, the ultimate resolution of any existing legal proceeding is not likely to have a material adverse effect on our ability to meet our obligations under the contract.

ING Financial Advisers, LLC, the principal underwriter and distributor of the contract (the "distributor"), is a party to threatened or pending lawsuits/arbitration that generally arise from the normal conduct of business. Suits against the distributor sometimes include claims for substantial compensatory, consequential or punitive damages and other types of relief. In a number of pending cases, claims have been made that a former registered representative of the distributor converted client funds to the representatives' personal use. ING Financial Advisers, LLC is not involved in any legal proceeding which, in the opinion of management, is likely to have material adverse effect on its ability to distribute the contract.

Payment Delay or Suspension

We reserve the right to suspend or postpone the date of any payment of benefits or values under any one of the following circumstances:

- ▷ On any valuation day when the New York Stock Exchange is closed (except customary weekend and holiday closings) or when trading on the New York Stock Exchange is restricted;
- ▷ When an emergency exists as determined by the SEC so that disposal of the securities held in the subaccounts is not reasonably practicable or it is not reasonably practicable to fairly determine the value of the subaccount's assets; or
- ▷ During any other periods the SEC may by order permit for the protection of investors.

The conditions under which restricted trading or an emergency exists shall be determined by the rules and regulations of the SEC.

Transfers, Assignments or Exchanges of a Contract

A transfer of ownership or assignment of a contract, or the exchange of a contract may result in certain tax consequences to the contract owner that are not discussed herein. A contract owner contemplating any such transfer, assignment, or exchange of a contract should contact a competent tax adviser with respect to the potential tax effects of such a transaction.

Involuntary Terminations

We reserve the right to terminate a contract if:

- The entire withdrawal value is withdrawn on or before income phase payments begins; or
- The contract value is paid in a lump sum as a death benefit before income phase payments begin; or
- If permitted by law, the outstanding loan balance equals or exceeds the contract value, less applicable withdrawal charges.

In addition, we may terminate the contract by payment of the current withdrawal value if:

- You have not made any purchase payments for a period of two years; and
- The guaranteed monthly benefit under the life annuity with payments for 10 or 20 years would be less than \$20 per month when you reach age 71, or at the end of twelfth contract year, whichever is later, provided that such amounts are not solely a result of negative investment performance.

Reports to Contract Owners

At least once in each contract year we will mail you, at the last known address of record, a statement of your contract value. Written confirmation of every financial transaction made under the contract will be made immediately; however, written confirmation of periodic payments made through salary reduction arrangements will be made quarterly.

To reduce expenses, only one copy of most financial reports and prospectuses, including reports and prospectuses for the funds, will be mailed to your household, even if you or other persons in your household have more than one contract issued by us or one of our affiliates. Call us at the number listed in "Contract Overview - Questions: Contacting the Company" if you need additional copies of financial reports, prospectuses or annual and semi-annual reports or if you would like to receive one copy for each contract in all future mailings.

Regulatory Matters

As with many financial services companies, the Company and its affiliates have received informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the financial services industry. In each case, the Company and its affiliates have been and are providing full cooperation.

Contents of the Statement of Additional Information

The Statement of Additional Information (SAI) contains more specific information on the separate account and the contract, as well as the financial statements of the separate account and the Company. The following is a list of the contents of the SAI.

General Information and History	2
Separate Account N	2
Offering and Purchase of Contracts	3
Income Phase Payments	4
Sales Material and Advertising	5
Independent Registered Public Accounting Firm	6
Financial Statements of Separate Account N	S-1
Financial Statements - Statutory Basis of ReliaStar Life Insurance Company	C-1

You may request an SAI by calling our administrative service center at the number listed in "Contract Overview-Questions: Contacting the Company" or by returning this request to our administrative service center at the address listed in "Contract Overview-Questions: Contacting the Company."

Your name _____

Address _____

City _____ State _____ Zip _____

Please send me a copy of the Separate Account N ING Encore/ING Encore Flex Statement of Additional Information.

No person is authorized to give any information or to make any representations other than those contained in this prospectus or accompanying fund prospectuses and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus does not constitute an offer or solicitation in any circumstances in which such offer or solicitation would be unlawful.

Appendix I

The Fixed Accounts

General Disclosure.

- ▷ Fixed Account D (for flexible premium series contracts only) and the DCA Fixed Account (collectively, the fixed accounts) are investment options that may be available during the accumulation phase.
- ▷ Amounts allocated to the fixed accounts are held in the Company's general account which supports insurance and annuity obligations.
- ▷ All or a portion of your purchase payments may be allocated to the fixed accounts.
- ▷ Interests in the fixed accounts have not been registered with the SEC in reliance on exemptions under the Securities Act of 1933, as amended.
- ▷ The fixed accounts have not been registered as investment companies under the Investment Company Act of 1940.
- ▷ Disclosure in this prospectus regarding the fixed accounts may be subject to certain generally applicable provisions of the federal securities laws relating to the accuracy and completeness of the statements.
- ▷ Disclosure in this appendix regarding the fixed accounts has not been reviewed by the SEC.
- ▷ Additional information about the fixed accounts may be found in the contracts. Additional information about the DCA Fixed Account may also be found in the program application.

Interest Rates.

- ▷ **Fixed Account D.** Fixed Account D has an interest rate that is set periodically by the Company. Interest will be credited and compounded daily using the daily equivalent of effective yearly interest rates, which is the yield resulting after interest has compounded daily for a full year.

We guarantee an effective yearly interest rate that complies with the nonforfeiture law that is in effect on the issue date for the state in which the contract was delivered. In no circumstance will the effective yearly interest rate be less than the guaranteed minimum interest rate.

We may credit interest in excess of the guaranteed rate. Any interest in excess of the guaranteed rate will be declared at the beginning of the period for which it is payable. In setting interest rates, we may consider many factors, including but not limited to, investment yields rates, taxes, competitive factors, desired margins, contract persistency, and other experience factors. Among other factors, the safety of the interest rate guarantees depends upon the Company's claims-paying ability.

- ▷ **DCA Fixed Account.** The DCA Fixed Account has an interest rate that is set periodically by the Company. Interest will be credited and compounded daily using the daily equivalent of effective yearly interest rates, which is the yield resulting after interest has compounded daily for a full year. The annual minimum guaranteed interest rate will apply to all amounts held in the DCA Fixed Account during the calendar year.

The interest rate earned on the DCA Fixed Account will be the minimum guaranteed interest rate plus any additional interest, which we may declare from time to time. In no circumstance will the effective yearly interest rate be less than the guaranteed minimum interest rate.

A purchase payment allocated to a DCA term will be credited with interest at the rate in effect at the start of the DCA term. That rate will remain in effect for the remaining balance of that purchase payment until the DCA term ends. Subsequent purchase payments into the same DCA term earn interest at the then current interest rate applied to new allocations to a DCA term of the same duration. There may be different interest rates for different DCA terms. DCA terms of the same duration may have different interest rates depending on when the DCA term began.

Interest rates are set at our complete discretion. The DCA Fixed Account may credit a different interest rate(s) than other fixed accounts we may offer under the contract. In setting interest rates, we may consider many factors, including but not limited to, investment yields rates, taxes, competitive factors, desired margins, contract persistency, and other experience factors. Among other factors, the safety of the interest rate guarantees depends upon the Company's claims-paying ability.

Transfers.

Fixed Account D. During the accumulation phase period, amounts in Fixed Account D may be reallocated at any time to the subaccounts, subject to the following requirements:

Each rolling 12-month period, twenty percent (20%) may be transferred from Fixed Account D to the subaccounts. The amount available for transfer during any contract year is based on the contract value in Fixed Account D as of the date we receive the transfer request in good order at our administrative service center, reduced by any amount withdrawn, transferred, taken as a loan, or used to purchase income phase payments during the 12 months prior to the transfer request. In addition, we reserve the right to reduce the amount available for transfer by amounts withdrawn under a systematic withdrawal option. We may, on a non-discriminatory basis, allow transfers of a larger percentage.

Twenty percent of the amount in Fixed Account D may be transferred in each of four consecutive 12 month periods and the balance reallocated in the fifth 12-month period subject to the following conditions:

1. During the five-year period, no additional amounts are allocated to or reallocated from Fixed Account D;
2. We will include any amounts reallocated, taken as a loan, or used to purchase income phase payments during the prior 12-month period when calculating the 20% amount; and
3. We reserve the right to include amounts paid under a systematic withdrawal option when calculating the 20% amount.

We reserve the right to waive the transfer limit when the amount in Fixed Account D is less than \$2,000. We may, on a non-discriminatory basis, allow transfers of a larger percentage.

No transfers to or from Fixed Account D are allowed after the beginning of the income phase. See also the "Transfers Among Investment Options" section.

DCA Fixed Account. Transfers from the DCA Fixed Account are only allowed pursuant to the dollar cost averaging program. See "The Dollar Cost Averaging Program" in the "Transfers Among Investment Options" section.

Withdrawals.

Fixed Account D. The contract owner may request a full or partial withdrawal from Fixed Account D. Partial withdrawals from the contract will be made on a pro rata basis from each subaccount and fixed account. If another method of allocation is desired, you must request it in writing to us. Under certain emergency conditions we may defer payment of any withdrawal for a period of up to six months or as otherwise provided by law.

While the value of purchase payments allocated to Fixed Account D is included in the calculation of the withdrawal charge upon a partial or full withdrawal of contract value, we will not apply a withdrawal charge to the portion of the contract value allocated to Fixed Account D. We will calculate the amount of the withdrawal charge waived by multiplying the withdrawal charge by the percentage that the amount withdrawn from Fixed Account D bears to the total amount withdrawn.

Partial Withdrawals. Each 12-month period, twenty percent (20%) may be withdrawn from Fixed Account D. The amount available for withdrawal is based on the contract value in Fixed Account D as of the date we receive the withdrawal request in good order at our administrative service center, reduced by the amount withdrawn, reallocated, taken as a loan, or used to purchase income phase payments during the contract year. In addition, we reserve the right to reduce the amount available by deducting any amount withdrawn under a systematic distribution option.

Full Withdrawals. The contract owner may withdraw the full amount from Fixed Account D. When we receive a request for a full withdrawal, no additional transfers, partial withdrawals or loans are allowed. The withdrawal is paid as follows:

1. One-fifth of the contract value in Fixed Account D as of the date we receive the withdrawal request at our administrative service center, reduced by the amount, if any, transferred, withdrawn, taken as a loan, or used to purchase income phase payments during that contract year; then
2. One-fourth of the remaining amount 12 months later; then
3. One-third of the remaining amount 12 months later; then
4. One-half of the remaining amount 12 months later; then
5. The balance of the contract value in Fixed Account D 12 months later.

When we receive a request for a full withdrawal, no additional transfers, partial withdrawals or loans are allowed. The contract owner may cancel a full withdrawal request from Fixed Account D at any time.

Waiver of Full and Partial Withdrawal Restrictions. Full and partial withdrawal restrictions are waived when the withdrawal is:

1. Due to the contract owner's death during the accumulation phase, and the withdrawal is made within six months of the date of death;
2. Used to purchase income phase payments on a life contingent basis or for a stated period on a fixed only basis;
3. Due to disability, extended confinement, or terminal illness within the meaning of the Tax Code, subject to the provisions regarding waiver of the withdrawal charge;
4. To satisfy minimum distribution requirements; or
5. Due to other conditions as we may allow without discrimination.

Not all waivers may be available in all states. Refer to your contract for a description of available waivers.

DCA Fixed Account. Amounts withdrawn from the DCA Fixed Account are subjected to the applicable withdrawal charge. See "Fees" and "Withdrawals."

Charges. We do not make deductions from amounts in the fixed accounts to cover mortality and expense risks. We consider these risks when determining the credited rate. We expect to derive a profit from the determination of the credited rate. If you make a full withdrawal, the amount available from the DCA Fixed Account will be reduced by any early withdrawal charge (as applicable) and annual contract charge (see "Fee Table" and "Fees").

Interest on Death Benefit. Any death benefit paid from amounts invested in Fixed Account D will include interest from the Death Benefit Valuation Date until the death benefit is paid at a rate not less than required by law.

Guarantee. We guarantee that the fixed contract value will not be less than the amount of purchase payments and transfers allocated to the fixed account, plus interest at the minimum guaranteed rate disclosed in the annuity contract, compounded annually, plus any additional interest which we may, in our discretion, credit to the fixed accounts (as described above), less any charges for the optional death benefit riders or early withdrawal charges, any applicable premium taxes and any amounts withdrawn or reallocated from the fixed accounts.

Appendix II

Eligible Funds

If you have selected the MGAB rider or the MGBW rider, you must remain invested at all times in one or more of the following Eligible Funds in order to receive the benefits of these riders (other than during the free look period, when we may require you to invest in the money market option). Failure to remain so invested will result in the termination of the applicable rider, and no charges deducted under the rider will be refunded. Accordingly, you should not purchase one of these riders if you do not believe that you will be comfortable remaining invested in one or more of the following funds during the entire time the rider is in effect.

ING Solution Income Portfolio
ING Solution 2015 Portfolio
ING Solution 2025 Portfolio
ING Solution 2035 Portfolio
ING Solution 2045 Portfolio

Appendix III

MGWB Rider Examples

The following examples have been provided to help illustrate how the Minimum Guaranteed Withdrawal Benefit rider works in certain circumstances. For the purpose of these illustrations, the "Cash Value after Purchase Payment or Withdrawal" has been selected in order to illustrate specific situations. We have noted where we have assumed market performance, both negative and positive. This assumed performance is illustrative only.

Example A: The following example illustrates the values of the Guaranteed Withdrawal Base, Annual Withdrawal Amount and Remaining Guaranteed Balance on an initial purchase payment of \$100,000:

Contract Year	Date	Purchase Payment	Withdrawal	Cash Value after Purchase Payment or Withdrawal	Guaranteed Withdrawal Base	Annual Withdrawal Amount	Remaining Guaranteed Balance
1	01/01/05	\$100,000	---	\$100,000	\$100,000	\$5,000	\$100,000

Example B: The following example illustrates the effect of subsequent purchase payments made during the first contract year, and assumes an investment return of \$2,000 between 01/01/05 and 03/01/05:

Contract Year	Date	Purchase Payment	Withdrawal	Cash Value after Purchase Payment or Withdrawal	Guaranteed Withdrawal Base	Annual Withdrawal Amount	Remaining Guaranteed Balance
1	03/01/05	\$20,000	---	\$122,000	\$120,000	\$6,000	\$120,000

Example C: The following example illustrates the effect of subsequent purchase payments made after the first contract year, and assumes an investment loss of \$2,000 between 03/01/05 and 03/01/06:

Contract Year	Date	Purchase Payment	Withdrawal	Cash Value after Purchase Payment or Withdrawal	Guaranteed Withdrawal Base	Annual Withdrawal Amount	Remaining Guaranteed Balance
2	03/01/06	\$10,000	---	\$130,000	\$120,000	\$6,000	\$120,000

Example D: The following examples illustrate the effect of withdrawals that do not exceed the Annual Withdrawal Amount, and assumes an investment loss of \$3,000 between 03/01/06 and 02/01/07 and an additional investment loss of \$1,500 between 02/01/07 and 04/01/07:

Contract Year	Date	Purchase Payment	Withdrawal	Cash Value after Purchase Payment or Withdrawal	Guaranteed Withdrawal Base	Annual Withdrawal Amount	Remaining Guaranteed Balance
3	02/01/07	---	\$4,000	\$123,000	\$120,000	\$6,000	\$116,000
3	04/01/07	---	\$2,000	\$119,500	\$120,000	\$6,000	\$114,000

Example E: The following examples illustrate the effect of cumulative withdrawals that exceed the Annual Withdrawal Amount, and assumes an investment loss of \$10,500 between 04/01/07 and 07/01/08 and an additional investment loss of \$4,000 between 07/01/08 and 08/01/08:

Contract Year	Date	Purchase Payment	Withdrawal	Cash Value after Purchase Payment or Withdrawal	Guaranteed Withdrawal Base	Annual Withdrawal Amount	Remaining Guaranteed Balance
4	07/01/08	---	\$6,000	\$103,000	\$120,000	\$6,000	\$108,000
4	08/01/08	---	\$5,000	\$94,000	\$94,000	\$4,700	\$94,000

The Guaranteed Withdrawal Base and Remaining Guaranteed Balance immediately following the excess withdrawal are reset to the lesser of the contract value immediately after the withdrawal (\$94,000) or the Remaining Guaranteed Balance immediately prior to the withdrawal less the withdrawal amount (\$108,000 - \$5,000 = \$103,000),

Example F: The following examples illustrate the effect of taking a required minimum distribution that exceeds the Annual Withdrawal Amount and assumes an investment return of \$10,700 between 08/01/08 and 03/01/09 and an additional investment return of \$1,000 between 03/01/09 and 09/01/09:

Contract Year	Date	Purchase Payment	Withdrawal	Cash Value after Purchase Payment or Withdrawal	Guaranteed Withdrawal Base	Annual Withdrawal Amount	Remaining Guaranteed Balance
5	03/01/09	---	\$4,700	\$100,000	\$94,000	\$4,700	\$89,300
5	09/01/09	---	\$5,000	\$96,000	\$94,000	\$4,700	\$84,300

In this case the Guaranteed Withdrawal Base and Remaining Guaranteed Balance are not adjusted as they were in Example E.

Example G: The following example illustrates the effect of the election of the Reset option on the 10th contract anniversary (or the beginning of contract year 11) and assumes an investment return of \$10,700 between 09/01/09 and 05/01/10, an additional investment return of \$9,700 between 05/01/10 and 05/01/11, a subsequent investment loss of \$2,300 between 05/01/11 and 05/01/12, an additional investment return of \$2,700 between 05/01/12 and 05/01/13, an additional investment return of \$6,700 between 05/01/13 and 05/01/14, and an additional investment return of \$2,000 between 05/01/14 and 01/01/15:

Contract Year	Date	Purchase Payment	Withdrawal	Cash Value after Purchase Payment or Withdrawal	Guaranteed Withdrawal Base	Annual Withdrawal Amount	Remaining Guaranteed Balance
6	05/01/10	---	\$4,700	\$102,000	\$94,000	\$4,700	\$79,600
7	05/01/11	---	\$4,700	\$107,000	\$94,000	\$4,700	\$74,900
8	05/01/12	---	\$4,700	\$100,000	\$94,000	\$4,700	\$70,200
9	05/01/13	---	\$4,700	\$98,000	\$94,000	\$4,700	\$65,500
10	05/01/14	---	\$4,700	\$100,000	\$94,000	\$4,700	\$60,800
11	01/01/15	---	---	\$102,000	\$102,000	\$5,100	\$102,000

If the contract has experienced market gains, they can be "locked in" by "Resetting" the Guaranteed Withdrawal Base and Remaining Guaranteed Balance equal to contract value. This also increases the Annual Withdrawal Amount.

Example H: The following example illustrates when a contract enters into Automatic Withdrawal Status and assumes the maximum annual withdrawal amount is withdrawn in years 11 through 24 and there is no investment gain or loss during that period.

Contract Year	Date	Purchase Payment	Withdrawal / Automatic Periodic Payments	Cash Value after Purchase Payment or Withdrawal	Guaranteed Withdrawal Base	Annual Withdrawal Amount	Remaining Guaranteed Balance
25	1/1/29	---	\$5,100	\$2,000	\$102,000	\$5,100	\$25,500
26	1/1/30	---	\$5,100	\$0	\$102,000	\$5,100	\$20,400
27	1/1/31	---	\$5,100	\$0	\$102,000	\$5,100	\$15,300
28	1/1/32	---	\$5,100	\$0	\$102,000	\$5,100	\$10,200
29	1/1/33	---	\$5,100	\$0	\$102,000	\$5,100	\$5,100
30	1/1/34	---	\$5,100	\$0	\$102,000	\$5,100	\$0

If contract value is not sufficient to satisfy the Annual Withdrawal Amount, as is the case in contract year 26, the rider is placed into Automatic Withdrawal Status. Automatic Periodic Payments equal to the Annual Withdrawal Amount will continue to be paid until the Remaining Guaranteed Balance is reduced to zero. If death were to occur while in Automatic Withdrawal Status (contract years 26-30), Automatic Periodic Payments would cease and the MGWB Death Benefit equal to the Remaining Guaranteed Balance will be paid as a single lump sum to the person entitled to death proceeds.

Appendix IV

Description of Underlying Funds

List of Fund Name Changes

Current Fund Name	Former Fund Name
ING Partners, Inc. - ING American Century Large Company Value Portfolio	ING Partners, Inc. - ING Salomon Brothers Investors Value Portfolio
ING VP Intermediate Bond Portfolio	ING VP Bond Portfolio
ING Investors Trust - ING Mercury Large Cap Growth Portfolio	ING Investors Trust - ING Mercury Fundamental Growth Portfolio

The investment results of the mutual funds (funds) are likely to differ significantly and there is no assurance that any of the funds will achieve their respective investment objectives. You should consider the investment objectives, risks and charges, and expenses of the funds carefully before investing. Please refer to the fund prospectuses for additional information. Shares of the funds will rise and fall in value and you could lose money by investing in the funds. Shares of the funds are not bank deposits and are not guaranteed, endorsed or insured by any financial institution, the Federal Deposit Insurance Corporation or any other government agency. Except as noted, all funds are diversified, as defined under the Investment Company Act of 1940. Fund prospectuses may be obtained free of charge at the address and telephone number listed in "Contract Overview - Questions," by accessing the SEC's web site or by contacting the SEC Public Reference Room.

Certain funds offered under the contracts have investment objectives and policies similar to other funds managed by the fund's investment adviser. The investment results of a fund may be higher or lower than those of other funds managed by the same adviser. There is no assurance and no representation is made that the investment results of any fund will be comparable to those of another fund managed by the same investment adviser.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
Franklin Templeton Variable Insurance Products Trust - Franklin Small Cap Value Securities Fund (Class 2 Shares)	Franklin Advisory Services, LLC	A <i>nondiversified</i> fund that seeks long-term total return. Normally invests at least 80% of net assets in investments of small capitalization companies that have market capitalization values not exceeding \$2.5 billion, at the time of purchase. Invests mainly in equity securities of companies that the fund's manager believes are selling below the underlying value of their assets or their private market value (what a sophisticated investor would pay for the entire company).

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Partners, Inc. - ING American Century Large Company Value Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: American Century Investment Management, Inc. (American Century)	Seeks long-term capital growth; income is a secondary objective. Under normal market conditions, invests at least 80% of its assets in equity securities of large capitalization companies. American Century considers large capitalization companies to be companies in the Russell 1000 Index. Under normal market conditions, intends to keep at least 80% of assets in U. S. equity securities at all times, including common stock, preferred stock, and equity-equivalent securities, such as debt securities and preferred stock convertible into common stock, and stock or stock index futures contracts.
ING Partners, Inc. - ING American Century Select Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: American Century Investment Management, Inc. (American Century)	Seeks long-term capital appreciation. Invests in securities of companies American Century believes will increase in value over time, using a growth investment strategy developed by American Century. Generally invests in larger companies, although may purchase securities of companies of any size. Can also invest in foreign companies.
ING Partners, Inc. - ING American Century Small Cap Value Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: American Century Investment Management, Inc. (American Century)	Seeks long-term growth of capital; income is a secondary objective. Under normal circumstances, invests at least 80% of net assets in equity securities of small-capitalization companies. American Century considers small-capitalization companies to include those with a market capitalization no larger than that of the largest company in the S&P SmallCap 600 Index or the Russell 2000 Index. Under normal market conditions, intends to keep at least 80% of assets in U. S. equity securities at all times, including common stock, preferred stock, and equity-equivalent securities, such as debt securities and preferred stock convertible into common stock, and stock or stock index futures contracts.
ING Partners, Inc. - ING Baron Small Cap Growth Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: BAMCO, Inc.	Seeks capital appreciation. Invests primarily (at least 80% of total assets under normal circumstances) in securities of smaller companies with market values under \$2.5 billion as measured at the time of purchase.
ING Partners, Inc. - ING Fidelity® VIP Contrafund® Portfolio* (Service Class) * Fidelity and Contrafund are registered trademarks of FMR Corp.	ING Life Insurance and Annuity Company Subadviser (Investment Adviser to the Master Fund): Fidelity Management & Research Company (FMR)	Seeks long-term capital appreciation. The Portfolio is a "feeder fund" which invests all of its assets in the "master fund," Service Class 2 shares of the Fidelity® VIP Contrafund® Portfolio, a series of Fidelity Variable Insurance Products Fund II. The master fund normally invests primarily in a portfolio of common stocks of companies whose value FMR believes is not fully recognized by the public.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Partners, Inc. - ING Fidelity® VIP Equity-Income Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser (Investment Adviser to the Master Fund): Fidelity Management & Research Company (FMR)	Seeks capital appreciation. The Portfolio is a "feeder fund" which invests all of its assets in the "master fund," Service Class 2 shares of the Fidelity® VIP Equity Income Portfolio, a series of Fidelity Variable Insurance Products Fund. The master fund normally invests at least 80% of its assets in a portfolio of equity securities, investing primarily in income-producing equity securities, which tends to lead to investments in large cap value stocks.
ING Partners, Inc. - ING Fidelity® VIP Growth Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser (Investment Adviser to the Master Fund): Fidelity Management & Research Company (FMR)	Seeks reasonable income. Also considers the potential for capital appreciation. Seeks to achieve a yield that exceeds the composite yield on the securities comprising the Standard & Poor's SM 500 Index. The Portfolio is a "feeder fund" which invests all of its assets in the "master fund," Service Class 2 shares of the Fidelity® VIP Growth Portfolio, a series of Fidelity Variable Insurance Products Fund. The master fund normally invests primarily in a portfolio of common stocks of companies that FMR believes have above-average growth potential.
ING Partners, Inc. - ING Fidelity® VIP Mid Cap Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser (Investment Adviser to the Master Fund): Fidelity Management & Research Company (FMR)	Seeks long-term growth of capital. The Portfolio is a "feeder fund" which invests all of its assets in the "master fund," Service Class 2 shares of the Fidelity® VIP Mid Cap Portfolio, a series of Fidelity Variable Insurance Products Fund III. The master fund normally invests primarily in a portfolio of common stocks, investing at least 80% of assets in securities of companies with medium market capitalizations (which, for the purposes of the Portfolio, FMR defines as those companies with market capitalizations similar to companies in the Russell MidCap® Index or the Standard & Poor's® MidCap 400 Index).
ING Partners, Inc. - ING Goldman Sachs® Capital Growth Portfolio* (Service Class) * Goldman Sachs® is a registered service mark of Goldman, Sachs & Co., and it is used by agreement with Goldman, Sachs & Co.	ING Life Insurance and Annuity Company Subadviser: Goldman Sachs Asset Management, L.P. (GSAM)	Seeks long-term growth of capital. Invests, under normal circumstances, at least 90% of total assets in equity investments that are considered by GSAM to have long-term capital appreciation potential.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Partners, Inc. - ING JPMorgan Fleming International Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: J.P. Morgan Fleming Asset Management (London) Ltd.	Seeks long-term growth of capital. Invests primarily (at least 65% of total assets) in the equity securities of foreign companies that the subadviser believes have higher growth potential and which are attractively valued. Will normally invest in a number of issuers in several countries other than the U.S. and will invest in securities in both developed and developing markets. May invest in debt securities issued by foreign and U.S. companies, including non-investment grade debt securities.
ING Partners, Inc. - ING JPMorgan Mid Cap Value Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: J.P. Morgan Investment Management Inc.	Seeks growth from capital appreciation. A <i>nondiversified</i> Portfolio that invests primarily (at least 80% of net assets under normal circumstances) in a broad portfolio of common stocks of companies with market capitalizations of \$1 billion to \$20 billion at the time of purchase that the subadviser believes to be undervalued. May invest in other equity securities, which include preferred stocks, convertible securities and foreign securities, which may take the form of depository receipts. Also may use derivatives.
ING Investors Trust - ING Julius Baer Foreign Portfolio (Service 2 Shares)	Directed Services, Inc. Subadviser: Julius Baer Investment Management, LLC	Seeks long-term growth of capital. Under normal conditions, invests in a wide variety of international equity securities issued through the world, normally excluding the United States. Normally invests at least 80% of its assets in equity securities tied economically to countries outside the United States.
ING Investors Trust - ING Legg Mason Value Portfolio (Service 2 Shares)	Directed Services, Inc. Subadviser: Legg Mason Funds Management, Inc.	A <i>non-diversified</i> portfolio that seeks long-term growth of capital. Normally invests in equity securities, including foreign securities, that offer the potential for capital growth. May also invest in companies with market capitalizations greater than \$5 billion, but may invest in companies of any size. May also invest up to 25% of its total assets in long-term debt securities.
ING Investors Trust - ING Marsico Growth Portfolio (Service 2 Shares)	Directed Services, Inc. Subadviser: Marsico Capital Management, LLC	Seeks capital appreciation. Invests primarily in equity securities selected for their growth potential. May invest in companies of any size, from larger, well-established companies to smaller, emerging growth companies.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Investors Trust - ING Mercury Large Cap Growth Portfolio (Service 2 Shares)	Directed Services, Inc. Subadviser: Mercury Advisors	Seeks long-term growth of capital. Invests at least 80% of its assets in equity securities of large capitalization companies located in the United States believed to have good prospects for earnings growth. These securities will be selected from companies that are included in the Russell 1000® Growth Index. May invest up to 10% of its total assets in securities issued by foreign companies. Normally will invest a portion of its assets in short-term debt securities.
ING Partners, Inc. - ING MFS Capital Opportunities Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: Massachusetts Financial Services Company (MFS)	Seeks capital appreciation. Invests primarily (at least 65% of net assets) in common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts focusing on companies that MFS believes have favorable growth prospects and attractive valuations based on current and expected earnings or cash flows. May invest in foreign securities (including emerging market securities).
ING Investors Trust - ING MFS Total Return Portfolio (Service 2 Shares)	Directed Services, Inc. Subadviser: Massachusetts Financial Services Company	Seeks above-average income (compared to a portfolio entirely invested in equity securities) consistent with the prudent employment of capital. Secondly seeks reasonable opportunity for growth of capital and income. Invests in a combination of equity and fixed income securities.
ING Partners, Inc. - ING OpCap Balanced Value Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: OpCap Advisors LLC	Seeks capital growth, and secondarily, investment income. Under normal market conditions, invests at least 25% of total assets in equity securities, including common stocks and preferred stocks and expects to have between 50% to 75% of total assets invested in equities. Also invests at least 25% of total assets in fixed-income senior securities including bonds, debentures, notes, participation interests in loans, convertible securities and U.S. government securities.
ING Partners, Inc. - ING Oppenheimer Global Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: OppenheimerFunds, Inc.	Seeks capital appreciation. Invests mainly in common stocks of companies in the U.S. and foreign countries. Can invest without limit in foreign securities in any country, including countries with emerging markets. Currently emphasizes investments in developed markets such as the United States, Western European countries and Japan. May invest in companies of any size, but currently focuses its investments in mid- and large-cap companies. Normally will invest in at least three countries (one of which may be the United States).

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Partners, Inc. - ING Oppenheimer Strategic Income Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: OppenheimerFunds, Inc.	Seeks a high level of current income principally derived from interest on debt securities. Invests mainly in debt securities of issuers in three market sectors: foreign governments and companies; U.S. government securities; and lower-grade high-yield securities of U.S. and foreign companies. Debt securities typically include short, medium and long-term foreign government and U.S. government bonds and notes; collateralized mortgage obligations; other mortgage-related securities and asset-backed securities; participation interests in loans; "structured" notes; lower-grade, high-yield domestic and foreign corporate debt obligations; and "zero-coupon" or "stripped" securities.
ING Partners, Inc. - ING PIMCO Total Return Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: Pacific Investment Management Company LLC	Seeks maximum total return, consistent with capital preservation and prudent investment management. Invests under normal circumstances at least 65% of net assets plus borrowings for investment purposes in a diversified portfolio of fixed income instruments of varying maturities. Invests primarily in investment grade debt securities, but may invest up to 10% of its assets in high yield securities ("junk bonds") rated B or higher by Moody's or S&P, or, if unrated, determined by the subadviser to be of comparable quality. May invest up to 30% of assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers.
ING Partners, Inc. - ING Salomon Brothers Aggressive Growth Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: Salomon Brothers Asset Management Inc	Seeks long-term growth of capital. Invests primarily (at least 80% of net assets under normal circumstances) in common stocks and related securities, such as preferred stock, convertible securities and depositary receipts, of emerging growth companies. May invest in foreign securities (including emerging market securities).
ING Partners, Inc. - ING Salomon Brothers Fundamental Value Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: Salomon Brothers Asset Management Inc	Seeks capital appreciation. A <i>nondiversified</i> Portfolio that invests primarily in common stocks and common stock equivalents, such as preferred stocks and securities convertible into common stocks, of companies the subadviser believes are undervalued in the marketplace. Generally invests in securities of large, well-known companies, but may also invest a significant portion of assets in securities of small to medium-sized companies when the subadviser believes smaller companies offer more attractive value opportunities.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Partners, Inc. - ING Salomon Brothers Large Cap Growth Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: Salomon Brothers Asset Management Inc	Seeks long-term capital appreciation. Normally invests at least 80% of net assets in equity securities of large-cap companies and related investments. For this 80% policy, large cap companies are considered to be companies with market capitalizations at the time of purchase similar to companies in the Russell 1000 Index. Equity securities include U.S. exchange traded and over-the-counter common stocks, debt securities convertible into equity securities, and warrants and rights relating to equity securities.
ING Partners, Inc. - ING Solution 2015 Portfolio (Service Class)	ING Life Insurance and Annuity Company	Until the day prior to the Target Date, the Portfolio will seek to provide total return consistent with an asset allocation targeted at retirement in approximately 2015. On the Target Date, the investment objective will be to seek to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. Invests in a combination of Underlying Funds which are active and passive U.S. stock, international stock, U.S. bond and other fixed-income investments using asset allocation strategies designed for investors expecting to retire around the year 2015. Subject to SEC approval, may also invest a portion of its assets in insurance company fixed contracts.
ING Partners, Inc. - ING Solution 2025 Portfolio (Service Class)	ING Life Insurance and Annuity Company	Until the day prior to the Target Date, the Portfolio will seek to provide total return consistent with an asset allocation targeted at retirement in approximately 2025. On the Target Date, the investment objective will be to seek to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. Invests in a combination of Underlying Funds which are active and passive U.S. stock, international stock, U.S. bond and other fixed-income investments using asset allocation strategies designed for investors expecting to retire around the year 2025. Subject to SEC approval, may also invest a portion of its assets in insurance company fixed contracts.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Partners, Inc. - ING Solution 2035 Portfolio (Service Class)	ING Life Insurance and Annuity Company	Until the day prior to the Target Date, the Portfolio will seek to provide total return consistent with an asset allocation targeted at retirement in approximately 2035. On the Target Date, the investment objective will be to seek to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. Invests in a combination of Underlying Funds which are active and passive U.S. stock, international stock, U.S. bond and other fixed-income investments using asset allocation strategies designed for investors expecting to retire around the year 2035.
ING Partners, Inc. - ING Solution 2045 Portfolio (Service Class)	ING Life Insurance and Annuity Company	Until the day prior to the Target Date, the Portfolio will seek to provide total return consistent with an asset allocation targeted at retirement in approximately 2045. On the Target Date, the investment objective will be to seek to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. Invests in a combination of Underlying Funds which are active and passive U.S. stock, international stock, U.S. bond and other fixed-income investments using asset allocation strategies designed for investors expecting to retire around the year 2045.
ING Partners, Inc. - ING Solution Income Portfolio (Service Class)	ING Life Insurance and Annuity Company	Seeks to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. Invests in a combination of Underlying Funds which are active and passive U.S. stock, international stock, U.S. bond and other fixed-income investments using asset allocation strategies designed for investors expecting to retire soon or are already retired. Subject to SEC approval, may also invest a portion of its assets in insurance company fixed contracts.
ING Investors Trust - ING Stock Index Portfolio (Class I shares)	Directed Services, Inc. Subviser: ING Investment Management Co.	Seeks total return. Normally invests at least 80% of its assets in equity securities of companies included in the S&P's 500 Composite Stock Price Index (the "S&P Index") or equity securities of companies that are representative of the S&P Index (including derivatives).
ING Partners, Inc. - ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: T. Rowe Price Associates, Inc.	Seeks long-term capital appreciation. Normally invests at least 80% of total assets in equity securities of companies having a market capitalization within the range of companies in the Russell MidCap Growth Index or the Standard & Poor's MidCap 400 Index focusing on mid-size companies whose earnings are expected to grow at a rate faster than the average company.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Investors Trust - ING T. Rowe Price Equity Income Portfolio (Service 2 Shares)	Directed Services, Inc. Subadviser: T. Rowe Price Associates, Inc.	Seeks substantial dividend income as well as long-term growth of capital. Normally invests at least 80% of its assets in common stocks, with 65% in the common stocks of well-established companies paying above-average dividends. May also invest in convertible securities, warrants and preferred stocks, foreign securities, debt securities including high-yield debt securities and future and options.
ING Partners, Inc. - ING T. Rowe Price Growth Equity Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: T. Rowe Price Associates, Inc.	Seeks long-term capital growth, and secondarily, increasing dividend income. Invests primarily (at least 80% of net assets under normal circumstances) in common stocks. Concentrates its investments in growth companies that have the ability to pay increasing dividends through strong cash flows and whose rates of earnings growth are considered above average. May also purchase foreign stocks, hybrid securities, futures and options. Investments in foreign securities are limited to 30% of total assets.
ING Partners, Inc. - ING UBS U.S. Large Cap Equity Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: UBS Global Asset Management (Americas) Inc.	Seeks long-term growth of capital and future income. Under normal circumstances, invests at least 80% of net assets (plus borrowings for investment purposes, if any) in equity securities of U.S. large capitalization companies. Investments in equity securities may include dividend-paying securities, common stock and preferred stock.
ING Partners, Inc. - ING Van Kampen Comstock Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: Van Kampen* * Morgan Stanley Investment Management Inc. does business in certain instances (including in its role as subadviser to the Portfolio) under the name "Van Kampen"	Seeks capital growth and income. Invests in a portfolio of equity securities, including common stocks, preferred stocks and securities convertible into common and preferred stocks. May invest up to 25% of total assets in securities of foreign issuers and may purchase and sell certain derivative instruments, such as options, futures and options on futures, for various portfolio management purposes.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Partners, Inc. - ING Van Kampen Equity and Income Portfolio (Service Class)	ING Life Insurance and Annuity Company Subadviser: Van Kampen* * Morgan Stanley Investment Management Inc. does business in certain instances (including in its role as subadviser to the Portfolio) under the name "Van Kampen"	Seeks total return, consisting of long-term capital appreciation and current income. Normally invests at least 80% of net assets (plus any borrowings for investment purposes) in equity and income securities at the time of investment. Normally invests at least 65% of assets in income producing equity instruments (including common stocks, preferred stocks and convertible securities) and investment grade quality debt securities. May invest up to 25% of total assets in securities of foreign issuers. May purchase and sell certain derivative instruments, such as options, futures contracts, and options on futures contracts, for various portfolio management purposes, including to earn income, to facilitate portfolio management and to mitigate risks.
ING Investors Trust - ING Van Kampen Growth and Income Portfolio (Service 2 Shares)	Directed Services, Inc. Subadviser: Van Kampen	Seeks long-term growth of capital and income. Under normal market conditions, investing primarily in what it believes to be income-producing equity securities, including common stocks and convertible securities; although investments are also made in non-convertible preferred stocks and debt securities rated "investment grade," which are securities rated within the four highest grades assigned by Standard & Poor's or by Moody's Investors Service, Inc.
ING Variable Products Trust - ING VP Financial Services Portfolio (Class I shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks long-term capital appreciation. Under normal conditions, invests at least 80% of assets in equity securities and equity equivalent securities of companies principally engaged in the financial services industry. Equity securities in which the Portfolio invests are normally common stocks, but may also include preferred stocks, warrants and convertible securities. May invest in initial public offerings.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Variable Portfolios, Inc. - ING VP Global Science and Technology Portfolio (Class I Shares)	ING Investments, LLC Subadviser: BlackRock Advisors, Inc.	Seeks long-term capital appreciation. Normally invests at least 80% of net assets in equity securities issued by science and technology companies in all market capitalization ranges. Will invest primarily in equity securities of U.S. and non-U.S. companies selected for their rapid and sustainable growth potential from the development, advancement and use of science and/or technology. May invest up to 25% of its net assets in stocks of issuers in emerging market countries. May also invest in preferred stock, initial public offerings, Rule 144A securities and derivative instruments including foreign currency contracts. May from time to time invest more than 25% of its assets in securities whose issuers are located in a single foreign country.
ING Variable Funds - ING VP Growth and Income Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks to maximize total return through investments in a diversified portfolio of common stocks and securities convertible into common stock. Under normal market conditions, invests at least 65% of total assets in common stocks that the subadviser believes have significant potential for capital appreciation or income growth or both. May invest up to 25% of its total assets in stocks of foreign issuers. May invest in derivatives.
ING Variable Portfolios, Inc. - ING VP Growth Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks growth of capital through investment in a diversified portfolio consisting primarily of common stocks and securities convertible into common stocks believed to offer growth potential. Under normal market conditions, invests primarily in common stocks and securities convertible into common stock of large U.S. companies. May invest in derivatives and foreign securities.
ING Variable Portfolios, Inc. - ING VP Index Plus MidCap Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks to outperform the total return performance of the Standard & Poor's MidCap 400 Index (S&P MidCap 400 Index), while maintaining a market level of risk. Invests at least 80% of assets in stocks included in the S&P MidCap 400 Index. The subadviser's objective is to overweight those stocks in the S&P MidCap 400 Index that it believes will outperform the index and underweight (or avoid altogether) those stocks that it believes will underperform the index. May invest in derivatives.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING VP Intermediate Bond Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks to maximize total return consistent with reasonable risk, through investment in a diversified portfolio consisting primarily of debt securities. It is anticipated that capital appreciation and investment income will both be major factors in achieving total return. Under normal market conditions, the Portfolio invests at least 80% of its assets in a portfolio of bonds, including but not limited to corporate, government and mortgage bonds, which, at the time of investment, are rated investment grade or have an equivalent rating by a nationally recognized statistical rating organization, or of comparable quality if unrated. May also invest in: preferred stocks; high quality money market instruments; municipal bonds; debt securities of foreign issuers; mortgage- and asset-backed securities; and options and futures contracts involving securities, securities indices and interest rates. Although the portfolio may invest in high yield debt securities rated below investment grade, it seeks to maintain a minimum average portfolio quality of at least investment grade.
ING Variable Portfolios, Inc. - ING VP International Equity Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks long-term capital growth primarily through investment in a diversified portfolio of common stocks principally traded in countries outside of the United States. The Portfolio will not target any given level of current income. Under normal market conditions, invests at least 80% of assets in equity securities. At least 65% of assets will normally be invested in securities principally traded in three or more countries outside of the U.S and countries with emerging securities markets. These securities may include common stocks as well as securities convertible into common stock. May employ hedging strategies to protect it from adverse effects on the U.S. dollar. May invest in derivatives.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Variable Products Trust - ING VP International Value Portfolio (Class I shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks capital appreciation. Under normal conditions, invests at least 65% of net assets in equity securities of issuers located in countries outside of the U.S. Invests primarily in companies with a large market capitalization, but may also invest in mid- and small-sized companies. Generally invests in common and preferred stocks, warrants and convertible securities. May invest in companies located in countries with emerging securities markets when the fund's subadviser believes they present attractive investment opportunities. May invest in government debt securities of developed foreign countries. Also may invest up to 35% of its assets in securities of U.S. issuers, including investment-grade government and corporate debt securities.
ING Variable Products Trust - ING VP MagnaCap Portfolio (Class I shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks growth of capital, with dividend income as a secondary consideration. Will normally invest at least 80% of assets in common stock of large companies. For this Portfolio, large companies are those included in the 500 largest U.S. companies, as measured by total revenues, net assets, cash flow or earnings, or the 1,000 largest companies as measured by equity market capitalization. Equity securities in which the Portfolio may invest include common stocks, convertible securities, and rights or warrants. May invest the remaining 20% in other types of securities, including foreign securities and securities of smaller companies. Although the Portfolio normally will be invested as fully as practicable in equity securities, assets not invested in equity securities may be invested in high quality debt securities.
ING Variable Products Trust - ING VP MidCap Opportunities Portfolio (Class I shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks long-term capital appreciation. Normally invests at least 80% of assets in the common stocks of mid-sized U.S. companies that the sub-adviser believes have above average prospects for growth. For this Portfolio, mid-size companies are those with market capitalizations that fall within the range of companies in the Russell MidCap Growth Index.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING VP Money Market Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks to provide high current return, consistent with preservation of capital and liquidity, through investment in high-quality money market instruments. Invests in a diversified portfolio of high-quality fixed income securities denominated in U.S. dollars, with short remaining maturities. May invest in certain obligations of foreign banks. There is no guarantee that the ING VP Money Market Subaccount will have a positive or level return.
ING VP Natural Resources Trust	ING Investments, LLC Subadviser: ING Investment Management Co.	A <i>nondiversified</i> Portfolio that seeks long-term growth of capital primarily through investment in common stocks of companies that own or develop natural resources and other basic commodities, or supply goods and services to such companies. Capital appreciation will be the primary determinant of total return and income is a secondary consideration. Normally invests at least 80% of assets in companies with substantial natural resource assets or companies that supply goods and services to such companies. May invest the remaining 20% of its assets in common stock of companies that are not natural resource companies. Invests primarily in companies with large market capitalizations, but may also invest in mid- and small-sized companies. May invest up to 100% of its assets in securities principally traded in markets outside the United States.
ING Variable Products Trust - ING VP Real Estate Portfolio (Class I shares)	ING Investments, LLC Subadviser: ING Clarion Real Estate Securities L.P.	Seeks total return. Normally invests at least 80% of assets in common and preferred stock of U.S. real estate investment trusts (REITs) and real estate companies. May invest in companies of any market capitalization, but generally will not invest in companies with market capitalizations below \$100 million at the time of purchase. May invest in initial public offerings.
ING Variable Portfolios, Inc. - ING VP Small Company Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks growth of capital primarily through investment in a diversified portfolio of common stocks and securities of companies with smaller market capitalizations. Under normal market conditions, invests at least 80% off assets in common stocks of small-capitalization companies. May invest in foreign securities and derivatives.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Variable Products Trust - ING VP SmallCap Opportunities Portfolio (Class I shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks long-term capital appreciation. Normally invests at least 80% of assets in the common stock of smaller, lesser-known U.S. companies that the sub-adviser believes have above average prospects for growth. For this Portfolio, smaller companies are those with market capitalizations that fall within the range of companies in the Russell 2000 Growth Index.
ING Strategic Allocation Portfolios, Inc. - ING VP Strategic Allocation Balanced Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks to provide total return (i.e., income and capital appreciation, both realized and unrealized). Managed for investors seeking a balance between income and capital appreciation who generally have an investment horizon exceeding 10 years and a moderate level of risk tolerance. Under normal market conditions, allocates assets among several classes of equities, fixed-income securities (including up to 15% of total assets in high-yield instruments) and money market instruments. The benchmark portfolio is 60% equities, 35% fixed income and 5% money market instruments under neutral market conditions.
ING Strategic Allocation Portfolios, Inc. - ING VP Strategic Allocation Growth Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks to provide capital appreciation. Managed for investors seeking capital appreciation who generally have an investment horizon exceeding 15 years and a high level of risk tolerance. Under normal market conditions, allocates assets among several classes of equities, fixed-income securities (including up to 15% of total assets in high-yield instruments) and money market instruments. The benchmark portfolio is 80% equities and 20% fixed income under neutral market conditions.
ING Strategic Allocation Portfolios, Inc. - ING VP Strategic Allocation Income Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks to provide total return consistent with preservation of capital. Managed for investors primarily seeking total return consistent with capital preservation who generally have an investment horizon exceeding 5 years and a low level of risk tolerance. Under normal market conditions, allocates assets among several classes of equities, fixed-income securities (including up to 15% of total assets in high-yield instruments) and money market instruments. The benchmark portfolio is 35% equities, 55% fixed income and 10% money market instruments under neutral market conditions.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
ING Variable Portfolios, Inc. - ING VP Value Opportunity Portfolio (Class I Shares)	ING Investments, LLC Subadviser: ING Investment Management Co.	Seeks growth of capital primarily through investment in a diversified portfolio of common stocks. Under normal market conditions, invests at least 65% of total assets in common stocks and American Depositary Receipts (ADR's). May invest the remaining 35% of its assets in other types of securities including foreign securities and securities of smaller companies.
Lord Abbett Series Fund, Inc. - Growth and Income Portfolio (Class VC Shares)	Lord, Abbett & Co. LLC (Lord Abbett)	Seeks long-term growth of capital and income without excessive fluctuations in market value. Primarily purchases equity securities of large, seasoned, U.S. and multinational companies that Lord Abbett believes are undervalued. Under normal circumstances, will invest at least 80% of net assets in equity securities of large companies which are defined as companies having a market capitalization at the time of purchase that falls within the market capitalization range of companies in the Russell 1000 Index, a widely used benchmark for large-cap stock performance. Equity securities may include common stocks, preferred stocks, convertible securities, warrants, and similar instruments.
Lord Abbett Series Fund, Inc. - Mid-Cap Value Portfolio (Class VC Shares)	Lord, Abbett & Co. LLC (Lord Abbett)	Seeks capital appreciation through investments, primarily in equity securities, which are believed to be undervalued in the marketplace. Normally invests at least 80% of net assets, plus the amount of any borrowings for investment purposes, in equity securities of mid-sized companies which are defined as companies having a market capitalization at the time of purchase that falls within the market capitalization range of companies in the Russell Mid Cap Index, a widely used benchmark for mid-cap stock performance. The Fund will provide shareholders with at least 60 days' notice of any change in this policy. Equity securities may include common stocks, convertible bonds, convertible preferred stocks, warrants and similar instruments.
Oppenheimer Variable Account Funds - Oppenheimer Aggressive Growth Fund/VA	OppenheimerFunds, Inc.	Seeks capital appreciation by investing in "growth type" companies. Invests mainly in equity securities, such as common stocks and can invest in other equity securities, such as preferred stocks and securities convertible into common stocks.

Fund Name	Investment Adviser/ Subadviser	Investment Objective(s)/Summary of Principal Investments
Oppenheimer Variable Account Funds - Oppenheimer Main Street Small Cap Fund®/VA	OppenheimerFunds, Inc.	Seeks capital appreciation. Invests mainly in common stocks of small-capitalization U.S. companies that the Fund's investment manager believes have favorable business trends or prospects. Under normal market conditions, will invest at least 80% of net assets (including any borrowings for investment purposes) in securities of companies having a small market capitalization.
PIMCO VIT - Real Return Portfolio (Administrative Class)	Pacific Investment Management Company LLC (PIMCO)	Seeks maximum real return, consistent with preservation of real capital and prudent investment management. Invests primarily in investment grade securities, but may invest up to 10% of its assets in high yield securities ("junk bonds") rated B or higher by Moody's or S&P, or, if unrated, determined by PIMCO to be of comparable quality.
Pioneer Variable Contracts Trust - Pioneer Equity Income VCT Portfolio (Class I Shares)	Pioneer Investment Management, Inc.	Seeks current income and long-term growth of capital from a portfolio consisting primarily of income producing equity securities of U.S. corporations. Normally, the portfolio invests at least 80% of its total assets in income producing equity securities of U.S. issuers. The income producing equity securities in which the portfolio may invest include common stocks, preferred stocks and interests in real estate investment trusts (REITs). The remainder of the portfolio may be invested in debt securities, most of which are expected to be convertible into common stocks.
Pioneer Variable Contracts Trust - Pioneer High Yield VCT Portfolio (Class I Shares)	Pioneer Investment Management, Inc.	Seeks to maximize total return through a combination of income and capital appreciation. Normally, the portfolio invests at least 80% of its total assets in below investment grade (high yield) debt securities and preferred stocks.
Wanger Advisors Trust - Wanger Select	Columbia Wanger Asset Management, L.P.	A <i>nondiversified</i> fund that seeks long-term growth of capital. Invests generally in the stocks of medium- to larger-size U.S. companies. Invests in a limited number of companies (between 20-40) with market capitalizations under \$20 billion, offering the potential to provide above-average growth over time.
Wanger Advisors Trust - Wanger U.S. Smaller Companies	Columbia Wanger Asset Management, L.P.	Seeks long-term growth of capital. Under normal circumstances, invests at least 80% of net assets (plus any borrowings for investment purposes), at market value at the time of investment, in companies with total stock market capitalizations of \$5 billion or less at the time of initial purchase. Under normal market conditions, invests at least 80% of its assets (plus any borrowings for investment purposes) in domestic securities.

RELIASTAR LIFE

INDIVIDUAL DEFERRED VARIABLE/FIXED ANNUITY CONTRACTS ISSUED BY SEPARATE ACCOUNT N AND RELIASTAR LIFE INSURANCE COMPANY

Statement of Additional Information dated June 24, 2005

This Statement of Additional Information is not a prospectus, and should be read in conjunction with the current prospectus dated June 24, 2005 relating to the individual fixed and variable deferred annuity contracts issued by Separate Account N (the "separate account") and ReliaStar Life Insurance Company (the "Company"). A copy of the prospectus may be obtained from the ING Service Center at P.O. Box 5050, Minot, North Dakota 58702-5050, by calling 1-877-884-5050, or from ING Financial Advisers, LLC, 151 Farmington Avenue, Hartford, Connecticut 06156.

Read the prospectus before you invest. Capitalized terms used in this Statement of Additional Information that are not otherwise defined herein shall have the same meaning as in the prospectus.

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GENERAL INFORMATION AND HISTORY

ReliaStar Life Insurance Company (the "Company," "we," "us," "our") is a stock life insurance company organized in 1885 and incorporated under the insurance laws of the State of Minnesota.

We are an indirect subsidiary of ING Groep N.V. ("ING"). ING is a global financial institution active in the fields of insurance, banking and asset management. The Company is engaged in the business of issuing life insurance policies and annuity contracts. Our home office is located at 20 Washington Avenue South, Minneapolis, Minnesota 55401.

The assets of the separate account are held by the Company. The separate account has no custodian. However, the funds in whose shares the assets of the separate account are invested each have custodians, as discussed in their respective prospectuses.

SEPARATE ACCOUNT N

We established Separate Account N on October 1, 2002 under the insurance laws of the State of Minnesota. The separate account is registered as a unit investment trust under the Investment Company Act of 1940, as amended (the 40 Act). It also meets the definition of "separate account" under the federal securities laws. Prior to October 1, 2002, the separate account was known as Separate Account One of Northern Life Insurance Company, which was created in 1994 under Washington law. In connection with the merger of Northern Life Insurance Company and the Company, the separate account was transferred to the Company.

Purchase payments to accounts under the contract may be allocated to one or more of the available subaccounts and/or to any available Fixed Account.

We may make additions to, deletions from or substitutions of available investment options as permitted by law and subject to the conditions of the contract. The availability of the funds is subject to applicable regulatory authorization. Not all funds are available in all jurisdictions, under all contracts, or under all plans. The funds currently available under the contract are as follows:

The Funds

Franklin Small Cap Value Securities Fund (Class 2)
 ING American Century Large Company Value Portfolio (Service Class)⁽¹⁾
 ING American Century Select Portfolio (Service Class)
 ING American Century Small Cap Value Portfolio (Service Class)
 ING Baron Small Cap Growth Portfolio (Service Class)
 ING Fidelity® VIP Contrafund® Portfolio (Service Class)
 ING Fidelity® VIP Equity Income Portfolio (Service Class)
 ING Fidelity® VIP Growth Portfolio (Service Class)
 ING Fidelity® VIP Mid Cap Portfolio (Service Class)
 ING Goldman Sachs® Capital Growth Portfolio (Service Class)⁽²⁾
 ING JPMorgan Fleming International Portfolio (Service Class)
 ING JPMorgan Mid Cap Value Portfolio (Service Class)
 ING Julius Baer Foreign Portfolio (Service 2 Class)
 ING Legg Mason Value Portfolio (Service 2 Class)
 ING Marsico Growth Portfolio (Service 2 Class)
 ING Mercury Large Cap Growth Portfolio (Service 2 Class)
 ING MFS Capital Opportunities Portfolio (Service Class)
 ING MFS Total Return Portfolio (Service 2 Class)
 ING OpCap Balanced Value Portfolio (Service Class)

The Funds (Continued)

ING Oppenheimer Global Portfolio (Service Class)
 ING Oppenheimer Strategic Income Portfolio (Service Class)
 ING PIMCO Total Return Portfolio (Service Class)
 ING Salomon Brothers Aggressive Growth Portfolio (Service Class)
 ING Salomon Brothers Fundamental Value Portfolio (Service Class)
 ING Salomon Brothers Large Cap Growth Portfolio (Service Class)
 ING Stock Index Portfolio (Class I)
 ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Service Class)
 ING T. Rowe Price Equity Income Portfolio (Service 2 Class)
 ING T. Rowe Price Growth Equity Portfolio (Service Class)
 ING UBS U.S. Large Cap Equity Portfolio (Service Class)
 ING Van Kampen Comstock Portfolio (Service Class)
 ING Van Kampen Equity and Income Portfolio (Service Class)
 ING Van Kampen Growth and Income Portfolio (Service 2 Class)
 ING VP Financial Services Portfolio (Class I)
 ING VP Global Science and Technology Portfolio (Class I)
 ING VP Growth and Income Portfolio (Class I)
 ING VP Growth Portfolio (Class I)
 ING VP Index Plus MidCap Portfolio (Class I)
 ING VP Intermediate Bond Portfolio (Class I)

The Funds (Continued)

ING VP International Equity Portfolio (Class I)
 ING VP International Value Portfolio (Class I)
 ING VP MagnaCap Portfolio (Class I)
 ING VP MidCap Opportunities Portfolio (Class I)
 ING VP Money Market Portfolio (Class I)⁽³⁾
 ING VP Natural Resources Trust (Class I)
 ING VP Real Estate Portfolio (Class I)
 ING VP Small Company Portfolio (Class I)
 ING VP SmallCap Opportunities Portfolio (Class I)
 ING VP Strategic Allocation Balanced Portfolio (Class I)
 ING VP Strategic Allocation Growth Portfolio (Class I)
 ING VP Strategic Allocation Income Portfolio (Class I)
 ING VP Value Opportunity Portfolio (Class I)
 Lord Abnett Series Fund – Growth and Income Portfolio (Class VC)
 Lord Abnett Series Fund – Mid-Cap Value Portfolio (Class VC)
 Oppenheimer Aggressive Growth Fund/VA
 Oppenheimer Main Street Small Cap Fund®/VA
 PIMCO VIT Real Return Portfolio (Administrative Class)
 Pioneer Equity Income VCT Portfolio (Class I)
 Pioneer High Yield VCT Portfolio (Class I)
 Wanger Select
 Wanger U.S. Smaller Companies

1 This fund was formerly known as ING Salomon Brothers Investors Value Portfolio (Service Class).

2 Goldman Sachs® is a registered service mark of Goldman, Sachs & Co., and it is used by agreement with Goldman, Sachs & Co.

3 Available for investment in transfer premium series contracts only. For flexible premium series contracts, currently only available during the right to cancel period in states that require a refund of purchase payments. See "Right to Cancel."

A complete description of each of the funds, including their investment objectives, policies, risks and fees and expenses, is contained in each fund's prospectus and statement of additional information.

OFFERING AND PURCHASE OF CONTRACTS

The contracts are distributed by ING Financial Advisers, LLC, the principal underwriter for the contracts. ING Financial Advisers, LLC, a Delaware limited liability company, is registered as a broker-dealer with the SEC. ING Financial Advisers, LLC is also a member of the National Association of Securities Dealers, Inc., and the Securities Investor Protection Corporation. ING Financial Advisers, LLC's principal office is located at 151 Farmington Avenue, Hartford, Connecticut 06156. Prior to January 1, 2004, contracts issued by the Company were distributed by Washington Square Securities, Inc. (WSSI), an affiliate of the Company. The contracts are distributed through life insurance agents who are registered representatives of ING Financial Advisers, LLC or of other broker-dealers who have entered into sales arrangements with ING Financial Advisers, LLC. The offering of the contracts is continuous. A description of the manner in which contracts are purchased may be found in the prospectus under the sections entitled "Purchase and Rights" and "Your Account Value."

Compensation was paid in the aggregate amount of \$1,034,476 to the prior principal underwriter, WSSI, for the period January 1, 2002 through September 30, 2002 by Northern Life Insurance Company, the issuer of Contracts prior to October 1, 2002 in connection with distribution of all registered variable annuity products issued by Separate Account N. For the period October 1, 2002 through December 31, 2002, and the years ended December 31, 2003 WSSI was paid fees by ReliaStar Life Insurance Company in the aggregate of \$101,071 and \$465,376, respectively, in connection with distribution of all products issued by Separate Account N. For the period January 1, 2004 through December 31, 2004, ING Financial Advisers, LLC was paid fees by ReliaStar Life Insurance Company in the aggregate of \$6,829,698.77 in connection with the distribution of all registered variable annuity products issued by Separate Account N of ReliaStar Life Insurance Company.

INCOME PHASE PAYMENTS

When you begin receiving payments under the contract during the income phase (see "The Income Phase" in the prospectus), the value of your account is determined using accumulation unit values as of the tenth valuation before the first income phase payment is due. Such value (less any applicable premium tax charge) is applied to provide income phase payments to you in accordance with the payment option and investment options elected.

The Annuity option tables found in the contract show, for each option, the amount of the first income phase payment for each \$1,000 of value applied. Thereafter, variable payments fluctuate as the Annuity Unit value(s) fluctuates with the investment experience of the selected investment option(s). The first income phase payment and subsequent income phase payments also vary depending on the assumed net investment rate selected (3.5% or 5% per annum). Selection of a 5% rate causes a higher first income phase payment, but income phase payments will increase thereafter only to the extent that the net investment rate increases by more than 5% on an annual basis.

Income phase payments would decline if the rate failed to increase by 5%. Use of the 3.5% assumed rate causes a lower first income phase payment, but subsequent income phase payments would increase more rapidly or decline more slowly as changes occur in the net investment rate.

When the income phase begins, the annuitant is credited with a fixed number of Annuity Units (which does not change thereafter) in each of the designated investment options. This number is calculated by dividing (a) by (b), where (a) is the amount of the first income phase payment based upon a particular investment option, and (b) is the then current Annuity Unit value for that investment option. As noted, Annuity Unit values fluctuate from one valuation to the next (see "Your Account Value" in the prospectus); such fluctuations reflect changes in the net investment factor for the appropriate subaccount(s) (with a ten day valuation lag which gives the Company time to process payments) and a mathematical adjustment which offsets the assumed net investment rate of 3.5% or 5% per annum.

The operation of all these factors can be illustrated by the following hypothetical example. These procedures will be performed separately for the investment options selected during the income phase.

EXAMPLE:

Assume that, at the date income phase payments are to begin, there are 3,000 accumulation units credited under a particular contract or account and that the value of an accumulation unit for the tenth valuation prior to retirement was \$13.650000. This produces a total value of \$40,950.

Assume also that no premium tax charge is payable and that the annuity table in the contract provides, for the income phase payment option elected, a first monthly variable income phase payment of \$6.68 per \$1000 of value applied; the annuitant's first monthly income phase payment would thus be 40.950 multiplied by \$6.68, or \$273.55.

Assume then that the value of an Annuity Unit upon the valuation on which the first income phase payment was due was \$13.400000. When this value is divided into the first monthly income phase payment, the number of Annuity Units is determined to be 20.414. The value of this number of Annuity Units will be paid in each subsequent month.

Suppose there were 30 days between the initial and second payment valuation dates. If the net investment factor with respect to the appropriate subaccount is 1.0032737 as of the tenth valuation preceding the due date of the second monthly income phase payment, multiplying this factor by $.9971779^* = .9999058^{30}$ (to take into account 30 days of the assumed net investment rate of 3.5% per annum built into the number of Annuity Units determined above) produces a result of 1.000442. This is then multiplied by the Annuity Unit value for the prior valuation (\$13.400000 from above) to produce an Annuity Unit value of \$13.405928 for the valuation occurring when the second income phase payment is due.

The second monthly income phase payment is then determined by multiplying the number of Annuity Units by the current Annuity Unit value, or 20.414 times \$13.405928, which produces a payment of \$273.67.

*If an assumed net investment rate of 5% is elected, the appropriate factor to take into account such assumed rate would be $.9959968 = .9998663^{30}$.

SALES MATERIAL AND ADVERTISING

We may include hypothetical illustrations in our sales literature that explain the mathematical principles of dollar cost averaging, compounded interest, tax deferred accumulation, and the mechanics of variable annuity contracts. We may also discuss the difference between variable annuity contracts and other types of savings or investment products such as personal savings accounts and certificates of deposit.

We may distribute sales literature that compares the percentage change in accumulation unit values for any of the subaccounts to established market indices such as the Standard & Poor's 500 Stock Index and the Dow Jones Industrial Average or to the percentage change in values of other management investment companies that have investment objectives similar to the subaccount being compared.

We may publish in advertisements and reports, the ratings and other information assigned to us by one or more independent rating organizations such as A.M. Best Company, Duff & Phelps, Standard & Poor's Corporation and Moody's Investors Service, Inc. The purpose of the ratings is to reflect our financial strength and/or claims-paying ability. We may also quote ranking services such as Morningstar's Variable Annuity/Life Performance Report and Lipper's Variable Insurance Products Performance Analysis Service (VIPPAS), which rank variable annuity or life subaccounts or their underlying funds by performance and/or investment objective. We may categorize the underlying funds in terms of the asset classes they represent and use such categories in marketing materials for the contracts. We may illustrate in advertisements the performance of the underlying funds, if accompanied by performance which also shows the performance of such funds reduced by applicable charges under the separate account. We may also show in advertisements the portfolio holdings of the underlying funds, updated at various intervals. From time to time, we will quote articles from newspapers and magazines or other publications or reports such as The Wall Street Journal, Money magazine, USA Today and The VARDS Report.

We may provide in advertising, sales literature, periodic publications or other materials information on various topics of interest to current and prospective contract holders or participants. These topics may include the relationship between sectors of the economy and the economy as a whole and its effect on various securities markets, investment strategies and techniques (such as value investing, market timing, dollar cost averaging, asset allocation, constant ratio transfer and account rebalancing), the advantages and disadvantages of investing in tax-deferred and taxable investments, customer profiles and hypothetical purchase and investment scenarios, financial management and tax and retirement planning, and investment alternatives to certificates of deposit and other financial instruments, including comparison between the contracts and the characteristics of and market for such financial instruments.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP, 600 Peachtree Street, Suite 2800, Atlanta, GA 30308, is the independent registered public accounting firm for the separate account and for the Company. The services provided to the separate account include primarily the audit of the separate account's financial statements.

FINANCIAL STATEMENTS

ReliaStar Life Insurance Company

Separate Account N

Year ended December 31, 2004

with Report of Independent Registered Public Accounting Firm

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RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Financial Statements
Year ended December 31, 2004

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Participants
ReliaStar Life Insurance Company

We have audited the accompanying statements of assets and liabilities of ReliaStar Life Insurance Company Separate Account N (formerly Northern Life Separate Account One) (the “Account”) as of December 31, 2004, and the related statements of operations and changes in net assets for the periods disclosed in the financial statements. These financial statements are the responsibility of the Account’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

The Account is comprised of the following Divisions:

AIM Variable Insurance Funds:

AIM VI Dent Demographic Trends Fund - Series I
Shares

The Alger American Fund:

Alger American Growth Portfolio - Class O Shares
Alger American Leveraged AllCap Portfolio - Class O
Shares
Alger American MidCap Growth Portfolio - Class O
Shares
Alger American Small Capitalization Portfolio -
Class O Shares

Fidelity® Variable Insurance Products Fund:

Fidelity® VIP *Asset Manager*SM Portfolio - Initial
Class
Fidelity® VIP *Asset Manager*SM Growth Portfolio -
Initial Class
Fidelity® VIP Contrafund® Portfolio - Initial Class
Fidelity® VIP Equity-Income Portfolio - Initial Class
Fidelity® VIP Growth Portfolio - Initial Class
Fidelity® VIP Growth Opportunities Portfolio - Initial
Class
Fidelity® VIP Index 500 Portfolio - Initial Class
Fidelity® VIP Investment Grade Bond Portfolio -
Initial Class
Fidelity® VIP Money Market Portfolio - Initial Class
Fidelity® VIP Overseas Portfolio - Initial Class

ING Investors Trust:

ING Julius Baer Foreign
ING MFS Total Return Portfolio - Service Class
ING T. Rowe Price Equity Income Portfolio - Service
Class

ING Partners, Inc.:

ING American Century Small Cap Value Portfolio -
Initial Class
ING Baron Small Cap Growth Portfolio - Initial Class
ING JPMorgan Mid Cap Value Portfolio - Initial
Class

ING Oppenheimer Global Portfolio - Initial Class
ING PIMCO Total Return Portfolio - Initial Class
ING T. Rowe Price Growth Equity Portfolio - Initial
Class

ING Van Kampen Comstock Portfolio - Initial Class

ING Strategic Allocations Portfolios, Inc.:

ING VP Strategic Allocation Balanced Portfolio -
Class I
ING VP Strategic Allocation Growth Portfolio -
Class I
ING VP Strategic Allocation Income Portfolio -
Class I

ING VP Natural Resources Trust

ING Variable Portfolios, Inc.:

- ING VP Global Science and Technology Portfolio - Class I
- ING VP Index Plus LargeCap Portfolio - Class I
- ING VP Index Plus MidCap Portfolio - Class I
- ING VP Index Plus SmallCap Portfolio - Class I

ING Variable Products Trust:

- ING VP Disciplined LargeCap Portfolio - Class I
- ING VP Financial Services Portfolio - Class I
- ING VP Growth Opportunities Portfolio - Class I
- ING VP Growth + Value Portfolio - Class I
- ING VP High Yield Bond Portfolio - Class I
- ING VP International Value Portfolio - Class I
- ING VP Index Plus MagnaCap Portfolio - Class I
- ING VP Index Plus MidCap Opportunities Portfolio - Class I
- ING VP Real Estate Portfolio - Class I
- ING VP Index Plus SmallCap Opportunities Portfolio - Class I

Janus Aspen Series:

- Janus Aspen Growth Portfolio - Institutional Shares
- Janus Aspen International Growth Portfolio - Institutional Shares

Janus Aspen Series (continued):

- Janus Aspen Mid Cap Growth Portfolio - Institutional Shares
- Janus Aspen Worldwide Growth Portfolio - Institutional Shares

Neuberger Berman Advisers Management Trust:

- Neuberger Berman AMT Limited Maturity Bond Portfolio – Class I
- Neuberger Berman AMT Partners Portfolio - Class I
- Neuberger Berman AMT Socially Responsive Portfolio - Class I

PIMCO Advisors VIT:

- OpCap Equity Portfolio
- OpCap Global Equity Portfolio
- OpCap Managed Portfolio
- OpCap Small Cap Portfolio
- Real Return Portfolio - Administrative Class

Pioneer Variable Contracts Trust:

- Pioneer High Yield VCT Portfolio - Administrative Class

Wanger Advisors Trust:

- Wanger Select
- Wanger U.S. Small Companies

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Account's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Account's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures also included confirmation of securities owned as of December 31, 2004, by correspondence with the transfer agents. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each of the Divisions comprising the ReliaStar Life Insurance Company Separate Account N (formerly Northern Life Separate Account One) at December 31, 2004, and the results of their operations and changes in their net assets for the periods disclosed in the financial statements, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young

Atlanta, Georgia
March 15, 2005

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Assets and Liabilities
December 31, 2004
(Dollars in thousands, except for unit data)

	AIM VI Dent Demographic Trends	Alger American Growth	Alger American Leveraged AllCap	Alger American MidCap Growth	Alger American Small Capitalization
Assets					
Investments in mutual funds					
at fair value	\$ 6,791	\$ 50,370	\$ 32,718	\$ 39,562	\$ 13,567
Total assets	<u>6,791</u>	<u>50,370</u>	<u>32,718</u>	<u>39,562</u>	<u>13,567</u>
Net assets	<u>\$ 6,791</u>	<u>\$ 50,370</u>	<u>\$ 32,718</u>	<u>\$ 39,562</u>	<u>\$ 13,567</u>
Net assets:					
Accumulation units	\$ 6,791	\$ 50,370	\$ 32,718	\$ 39,560	\$ 13,567
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>
Total net assets	<u>\$ 6,791</u>	<u>\$ 50,370</u>	<u>\$ 32,718</u>	<u>\$ 39,562</u>	<u>\$ 13,567</u>
Accumulation units outstanding	<u>1,339,489.003</u>	<u>2,817,120.485</u>	<u>1,576,754.491</u>	<u>1,708,129.562</u>	<u>1,297,015.315</u>
Value per accumulation unit	<u>\$ 5.07</u>	<u>\$ 17.88</u>	<u>\$ 20.75</u>	<u>\$ 23.16</u>	<u>\$ 10.46</u>
Total number of mutual fund shares	<u>1,204,115</u>	<u>1,434,229</u>	<u>1,076,593</u>	<u>1,902,036</u>	<u>669,634</u>
Cost of mutual fund shares	<u>\$ 6,270</u>	<u>\$ 67,774</u>	<u>\$ 44,549</u>	<u>\$ 31,457</u>	<u>\$ 10,055</u>

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Assets and Liabilities
December 31, 2004
(Dollars in thousands, except for unit data)

	Fidelity® VIP	Fidelity® VIP		Fidelity® VIP	
	Asset	Asset		Equity-	Fidelity® VIP
	ManagerSM	ManagerSM	Fidelity® VIP	Income	Growth
	ManagerSM	Growth	Contrafund®		
Assets					
Investments in mutual funds					
at fair value	\$ 1,962	\$ 19,066	\$ 87,638	\$ 67,588	\$ 49,364
Total assets	1,962	19,066	87,638	67,588	49,364
Net assets	<u>1,962</u>	<u>19,066</u>	<u>87,638</u>	<u>67,588</u>	<u>49,364</u>
Net assets:					
Accumulation units	\$ 1,962	\$ 19,066	\$ 87,638	\$ 67,586	\$ 49,364
Contracts in payout					
(annuitization) period	-	-	-	2	-
Total net assets	<u>1,962</u>	<u>19,066</u>	<u>87,638</u>	<u>67,588</u>	<u>49,364</u>
Accumulation units outstanding	<u>115,080.219</u>	<u>1,143,022.548</u>	<u>3,603,532.098</u>	<u>3,309,784.604</u>	<u>2,982,735.821</u>
Value per accumulation unit	<u>\$ 17.05</u>	<u>\$ 16.68</u>	<u>\$ 24.32</u>	<u>\$ 20.42</u>	<u>\$ 16.55</u>
Total number of mutual fund shares	<u>132,129</u>	<u>1,491,832</u>	<u>3,292,183</u>	<u>2,664,087</u>	<u>1,542,152</u>
Cost of mutual fund shares	<u>\$ 2,153</u>	<u>\$ 20,323</u>	<u>\$ 75,196</u>	<u>\$ 59,199</u>	<u>\$ 61,323</u>

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
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	Fidelity® VIP Growth Opportunities	Fidelity® VIP Index 500	Fidelity® VIP Investment Grade Bond	Fidelity® VIP Money Market	Fidelity® VIP Overseas
Assets					
Investments in mutual funds					
at fair value	\$ 2,402	\$ 130,148	\$ 25,415	\$ 14,311	\$ 1,036
Total assets	<u>2,402</u>	<u>130,148</u>	<u>25,415</u>	<u>14,311</u>	<u>1,036</u>
Net assets	<u>\$ 2,402</u>	<u>\$ 130,148</u>	<u>\$ 25,415</u>	<u>\$ 14,311</u>	<u>\$ 1,036</u>
Net assets:					
Accumulation units	\$ 2,402	\$ 130,148	\$ 25,415	\$ 14,136	\$ 1,036
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>-</u>
Total net assets	<u>\$ 2,402</u>	<u>\$ 130,148</u>	<u>\$ 25,415</u>	<u>\$ 14,311</u>	<u>\$ 1,036</u>
Accumulation units outstanding	<u>332,281.254</u>	<u>6,284,311.783</u>	<u>1,902,345.005</u>	<u>1,120,186.161</u>	<u>67,734.682</u>
Value per accumulation unit	<u>\$ 7.23</u>	<u>\$ 20.71</u>	<u>\$ 13.36</u>	<u>\$ 12.62</u>	<u>\$ 15.29</u>
Total number of mutual fund shares	<u>149,496</u>	<u>944,814</u>	<u>1,918,138</u>	<u>14,311,272</u>	<u>59,113</u>
Cost of mutual fund shares	<u>\$ 2,092</u>	<u>\$ 122,376</u>	<u>\$ 25,243</u>	<u>\$ 14,311</u>	<u>\$ 1,168</u>

The accompanying notes are an integral part of these financial statements.

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	ING Julius Baer Foreign	ING MFS Total Return	ING T. Rowe Price Equity Income	ING American Century Small Cap Value	ING Baron Small Cap Growth
Assets					
Investments in mutual funds					
at fair value	\$ 1,968	\$ 3,342	\$ 3,232	\$ 1,059	\$ 856
Total assets	<u>1,968</u>	<u>3,342</u>	<u>3,232</u>	<u>1,059</u>	<u>856</u>
Net assets	<u>\$ 1,968</u>	<u>\$ 3,342</u>	<u>\$ 3,232</u>	<u>\$ 1,059</u>	<u>\$ 856</u>
Net assets:					
Accumulation units	\$ 1,968	\$ 3,342	\$ 3,232	\$ 1,059	\$ 856
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 1,968</u>	<u>\$ 3,342</u>	<u>\$ 3,232</u>	<u>\$ 1,059</u>	<u>\$ 856</u>
Accumulation units outstanding	<u>168,617.348</u>	<u>270,366.592</u>	<u>234,548.795</u>	<u>66,036.226</u>	<u>51,185.904</u>
Value per accumulation unit	<u>\$ 11.67</u>	<u>\$ 12.36</u>	<u>\$ 13.78</u>	<u>\$ 16.04</u>	<u>\$ 16.73</u>
Total number of mutual fund shares	<u>161,028</u>	<u>177,941</u>	<u>235,232</u>	<u>86,538</u>	<u>56,862</u>
Cost of mutual fund shares	<u>\$ 1,727</u>	<u>\$ 3,194</u>	<u>\$ 2,946</u>	<u>\$ 1,009</u>	<u>\$ 750</u>

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	ING JPMorgan Mid Cap Value	ING Oppenheimer Global Portfolio	ING PIMCO Total Return	ING T. Rowe Price Growth Equity	ING Van Kampen Comstock
Assets					
Investments in mutual funds					
at fair value	\$ 2,712	\$ 651	\$ 1,381	\$ 1,535	\$ 2,136
Total assets	<u>2,712</u>	<u>651</u>	<u>1,381</u>	<u>1,535</u>	<u>2,136</u>
Net assets	<u>\$ 2,712</u>	<u>\$ 651</u>	<u>\$ 1,381</u>	<u>\$ 1,535</u>	<u>\$ 2,136</u>
Net assets:					
Accumulation units	\$ 2,712	\$ 651	\$ 1,381	\$ 1,535	\$ 2,136
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 2,712</u>	<u>\$ 651</u>	<u>\$ 1,381</u>	<u>\$ 1,535</u>	<u>\$ 2,136</u>
Accumulation units outstanding	<u>176,530.810</u>	<u>43,488.255</u>	<u>129,090.130</u>	<u>110,800.256</u>	<u>145,289.652</u>
Value per accumulation unit	<u>\$ 15.36</u>	<u>\$ 14.98</u>	<u>\$ 10.70</u>	<u>\$ 13.85</u>	<u>\$ 14.70</u>
Total number of mutual fund shares	<u>194,653</u>	<u>50,895</u>	<u>125,569</u>	<u>30,809</u>	<u>173,216</u>
Cost of mutual fund shares	<u>\$ 2,457</u>	<u>\$ 572</u>	<u>\$ 1,364</u>	<u>\$ 1,387</u>	<u>\$ 1,944</u>

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	ING VP Strategic Allocation Balanced	ING VP Strategic Allocation Growth	ING VP Strategic Allocation Income	ING VP Natural Resources Trust	ING VP Global Science & Technology
Assets					
Investments in mutual funds					
at fair value	\$ 845	\$ 197	\$ 556	\$ 945	\$ 88
Total assets	<u>845</u>	<u>197</u>	<u>556</u>	<u>945</u>	<u>88</u>
Net assets	<u><u>845</u></u>	<u><u>197</u></u>	<u><u>556</u></u>	<u><u>945</u></u>	<u><u>88</u></u>
Net assets:					
Accumulation units	\$ 845	\$ 197	\$ 556	\$ 945	\$ 88
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u><u>845</u></u>	<u><u>197</u></u>	<u><u>556</u></u>	<u><u>945</u></u>	<u><u>88</u></u>
Accumulation units outstanding	<u>66,100.298</u>	<u>14,629.157</u>	<u>46,527.348</u>	<u>79,443.283</u>	<u>8,272.330</u>
Value per accumulation unit	<u><u>\$ 12.79</u></u>	<u><u>\$ 13.48</u></u>	<u><u>\$ 11.96</u></u>	<u><u>\$ 11.89</u></u>	<u><u>\$ 10.69</u></u>
Total number of mutual fund shares	<u>60,778</u>	<u>13,360</u>	<u>42,674</u>	<u>53,517</u>	<u>23,149</u>
Cost of mutual fund shares	<u><u>\$ 804</u></u>	<u><u>\$ 183</u></u>	<u><u>\$ 531</u></u>	<u><u>\$ 882</u></u>	<u><u>\$ 83</u></u>

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	ING VP Index Plus LargeCap	ING VP Index Plus MidCap	ING VP Index Plus SmallCap	ING VP Disciplined LargeCap	ING VP Financial Services
Assets					
Investments in mutual funds					
at fair value	\$ 1,134	\$ 2,440	\$ 1,809	\$ 5,670	\$ 38
Total assets	<u>1,134</u>	<u>2,440</u>	<u>1,809</u>	<u>5,670</u>	<u>38</u>
Net assets	<u>\$ 1,134</u>	<u>\$ 2,440</u>	<u>\$ 1,809</u>	<u>\$ 5,670</u>	<u>\$ 38</u>
Net assets:					
Accumulation units	\$ 1,134	\$ 2,440	\$ 1,809	\$ 5,670	\$ 38
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 1,134</u>	<u>\$ 2,440</u>	<u>\$ 1,809</u>	<u>\$ 5,670</u>	<u>\$ 38</u>
Accumulation units outstanding	<u>84,436.610</u>	<u>163,202.774</u>	<u>112,991.524</u>	<u>570,436.238</u>	<u>3,426.988</u>
Value per accumulation unit	<u>\$ 13.43</u>	<u>\$ 14.95</u>	<u>\$ 16.01</u>	<u>\$ 9.94</u>	<u>\$ 11.11</u>
Total number of mutual fund shares	<u>76,517</u>	<u>134,355</u>	<u>110,372</u>	<u>1,403,499</u>	<u>3,442</u>
Cost of mutual fund shares	<u>\$ 1,061</u>	<u>\$ 2,204</u>	<u>\$ 1,646</u>	<u>\$ 5,361</u>	<u>\$ 35</u>

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	ING VP High Yield Bond	ING VP International Value	ING VP Index Plus MagnaCap	ING VP Index Plus MidCap Opportunities	ING VP Real Estate
Assets					
Investments in mutual funds					
at fair value	\$ 13,321	\$ 25,772	\$ 1,172	\$ 38,521	\$ 952
Total assets	<u>13,321</u>	<u>25,772</u>	<u>1,172</u>	<u>38,521</u>	<u>952</u>
Net assets	<u>\$ 13,321</u>	<u>\$ 25,772</u>	<u>\$ 1,172</u>	<u>\$ 38,521</u>	<u>\$ 952</u>
Net assets:					
Accumulation units	\$ 13,321	\$ 25,772	\$ 1,172	\$ 38,521	\$ 952
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 13,321</u>	<u>\$ 25,772</u>	<u>\$ 1,172</u>	<u>\$ 38,521</u>	<u>\$ 952</u>
Accumulation units outstanding	<u>1,330,817.253</u>	<u>1,365,791.458</u>	<u>124,565.681</u>	<u>5,981,476.468</u>	<u>68,660.752</u>
Value per accumulation unit	<u>\$ 10.01</u>	<u>\$ 18.87</u>	<u>\$ 9.41</u>	<u>\$ 6.44</u>	<u>\$ 13.87</u>
Total number of mutual fund shares	<u>4,197,480</u>	<u>2,019,787</u>	<u>123,516</u>	<u>5,615,264</u>	<u>69,921</u>
Cost of mutual fund shares	<u>\$ 13,091</u>	<u>\$ 21,334</u>	<u>\$ 939</u>	<u>\$ 36,157</u>	<u>\$ 877</u>

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	ING VP Index Plus SmallCap Opportunities	Janus Aspen Growth	Janus Aspen International Growth	Janus Aspen Mid Cap Growth	Janus Aspen Worldwide Growth
Assets					
Investments in mutual funds					
at fair value	\$ 22,696	\$ 28,025	\$ 21,227	\$ 34,112	\$ 51,930
Total assets	<u>22,696</u>	<u>28,025</u>	<u>21,227</u>	<u>34,112</u>	<u>51,930</u>
Net assets	<u>\$ 22,696</u>	<u>\$ 28,025</u>	<u>\$ 21,227</u>	<u>\$ 34,112</u>	<u>\$ 51,930</u>
Net assets:					
Accumulation units	\$ 22,696	\$ 28,025	\$ 21,227	\$ 34,112	\$ 51,926
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Total net assets	<u>\$ 22,696</u>	<u>\$ 28,025</u>	<u>\$ 21,227</u>	<u>\$ 34,112</u>	<u>\$ 51,930</u>
Accumulation units outstanding	<u>1,080,774.525</u>	<u>2,401,441.674</u>	<u>1,485,432.293</u>	<u>2,350,961.753</u>	<u>4,363,533.888</u>
Value per accumulation unit	<u>\$ 21.00</u>	<u>\$ 11.67</u>	<u>\$ 14.29</u>	<u>\$ 14.51</u>	<u>\$ 11.90</u>
Total number of mutual fund shares	<u>1,395,834</u>	<u>1,396,354</u>	<u>780,972</u>	<u>1,320,141</u>	<u>1,939,130</u>
Cost of mutual fund shares	<u>\$ 15,852</u>	<u>\$ 38,382</u>	<u>\$ 16,897</u>	<u>\$ 54,679</u>	<u>\$ 44,150</u>

The accompanying notes are an integral part of these financial statements.

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	Neuberger Berman AMT Limited Maturity Bond	Neuberger Berman AMT Partners	Neuberger Berman AMT Socially Responsive	OpCap Equity	OpCap Global Equity
Assets					
Investments in mutual funds					
at fair value	\$ 12,146	\$ 17,275	\$ 2,904	\$ 5,721	\$ 5,205
Total assets	<u>12,146</u>	<u>17,275</u>	<u>2,904</u>	<u>5,721</u>	<u>5,205</u>
Net assets	<u>\$ 12,146</u>	<u>\$ 17,275</u>	<u>\$ 2,904</u>	<u>\$ 5,721</u>	<u>\$ 5,205</u>
Net assets:					
Accumulation units	\$ 12,146	\$ 17,275	\$ 2,904	\$ 5,721	\$ 5,205
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 12,146</u>	<u>\$ 17,275</u>	<u>\$ 2,904</u>	<u>\$ 5,721</u>	<u>\$ 5,205</u>
Accumulation units outstanding	<u>981,921.078</u>	<u>1,389,783.245</u>	<u>222,168.271</u>	<u>447,328.763</u>	<u>383,866.995</u>
Value per accumulation unit	<u>\$ 12.37</u>	<u>\$ 12.43</u>	<u>\$ 13.07</u>	<u>\$ 12.79</u>	<u>\$ 13.56</u>
Total number of mutual fund shares	<u>947,454</u>	<u>942,959</u>	<u>207,558</u>	<u>158,926</u>	<u>330,911</u>
Cost of mutual fund shares	<u>\$ 12,535</u>	<u>\$ 14,717</u>	<u>\$ 2,255</u>	<u>\$ 4,819</u>	<u>\$ 4,325</u>

The accompanying notes are an integral part of these financial statements.

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	OpCap Managed	OpCap Small Cap	Real Return	Pioneer High Yield VCT	Wanger Select
Assets					
Investments in mutual funds					
at fair value	\$ 18,632	\$ 30,151	\$ 770	\$ 1,926	\$ 1,007
Total assets	<u>18,632</u>	<u>30,151</u>	<u>770</u>	<u>1,926</u>	<u>1,007</u>
Net assets	<u>\$ 18,632</u>	<u>\$ 30,151</u>	<u>\$ 770</u>	<u>\$ 1,926</u>	<u>\$ 1,007</u>
Net assets:					
Accumulation units	\$ 18,632	\$ 30,151	\$ 770	\$ 1,926	\$ 1,007
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 18,632</u>	<u>\$ 30,151</u>	<u>\$ 770</u>	<u>\$ 1,926</u>	<u>\$ 1,007</u>
Accumulation units outstanding	<u>1,550,120.268</u>	<u>1,774,660.503</u>	<u>71,539.790</u>	<u>180,999.866</u>	<u>88,349.853</u>
Value per accumulation unit	<u>\$ 12.02</u>	<u>\$ 16.99</u>	<u>\$ 10.77</u>	<u>\$ 10.64</u>	<u>\$ 11.40</u>
Total number of mutual fund shares	<u>436,051</u>	<u>834,066</u>	<u>59,635</u>	<u>165,025</u>	<u>45,553</u>
Cost of mutual fund shares	<u>\$ 16,704</u>	<u>\$ 23,211</u>	<u>\$ 779</u>	<u>\$ 1,891</u>	<u>\$ 940</u>

The accompanying notes are an integral part of these financial statements.

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	Wanger U.S. Small Companies
Assets	
Investments in mutual funds	
at fair value	\$ 421
Total assets	421
Net assets	\$ 421
Net assets:	
Accumulation units	\$ 421
Contracts in payout (annuitization) period	-
Total net assets	\$ 421
Accumulation units outstanding	36,459.563
Value per accumulation unit	\$ 11.56
Total number of mutual fund shares	13,436
Cost of mutual fund shares	\$ 397

The accompanying notes are an integral part of these financial statements.

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	AIM VI Dent Demographic Trends	Alger American Growth	Alger American Leveraged AllCap	Alger American MidCap Growth	Alger American Small Capitalization
Net investment income (loss)					
Income:					
Dividends	\$ -	\$ -	\$ -	\$ -	\$ -
Total investment income	-	-	-	-	-
Expenses:					
Mortality, expense risk and other charges	94	719	461	542	195
Total expenses	94	719	461	542	195
Net investment income (loss)	(94)	(719)	(461)	(542)	(195)
Realized and unrealized gain (loss) on investments					
Net realized gain (loss) on investments	(1,091)	(3,688)	(3,250)	(1,600)	645
Capital gains distributions	-	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	(1,091)	(3,688)	(3,250)	(1,600)	645
Net unrealized appreciation (depreciation) of investments	1,638	6,197	5,715	6,162	1,385
Net increase (decrease) in net assets resulting from operations	\$ 453	\$ 1,790	\$ 2,004	\$ 4,020	\$ 1,835

The accompanying notes are an integral part of these financial statements.

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	Fidelity® VIP	Fidelity® VIP		Fidelity® VIP	
	<i>Asset</i>	<i>Asset</i>		<i>Equity-</i>	<i>Fidelity® VIP</i>
	<i>ManagerSM</i>	<i>ManagerSM</i>	<i>Fidelity® VIP</i>	<i>Income</i>	<i>Growth</i>
	<u><i>ManagerSM</i></u>	<u><i>Growth</i></u>	<u><i>Contrafund®</i></u>		
Net investment income (loss)					
Income:					
Dividends	\$ 61	\$ 446	\$ 259	\$ 937	\$ 133
Total investment income	61	446	259	937	133
Expenses:					
Mortality, expense risk and other charges	29	269	1,093	870	704
Total expenses	29	269	1,093	870	704
Net investment income (loss)	32	177	(834)	67	(571)
Realized and unrealized gain (loss)					
 on investments					
Net realized gain (loss) on investments	(79)	(679)	78	(140)	(2,253)
Capital gains distributions	-	-	-	224	-
Total realized gain (loss) on investments					
and capital gains distributions	(79)	(679)	78	84	(2,253)
Net unrealized appreciation (depreciation)					
of investments	127	1,311	11,313	5,919	3,678
Net increase (decrease) in net assets					
resulting from operations	<u>\$ 80</u>	<u>\$ 809</u>	<u>\$ 10,557</u>	<u>\$ 6,070</u>	<u>\$ 854</u>

The accompanying notes are an integral part of these financial statements.

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	Fidelity® VIP Growth Opportunities	Fidelity® VIP Index 500	Fidelity® VIP Investment Grade Bond	Fidelity® VIP Money Market	Fidelity® VIP Overseas
Net investment income (loss)					
Income:					
Dividends	\$ 12	\$ 1,610	\$ 1,044	\$ 197	\$ 13
Total investment income	12	1,610	1,044	197	13
Expenses:					
Mortality, expense risk and other charges	32	1,722	354	234	14
Total expenses	32	1,722	354	234	14
Net investment income (loss)	(20)	(112)	690	(37)	(1)
Realized and unrealized gain (loss) on investments					
Net realized gain (loss) on investments	(117)	(1,281)	176	-	(58)
Capital gains distributions	-	-	751	-	-
Total realized gain (loss) on investments and capital gains distributions	(117)	(1,281)	927	-	(58)
Net unrealized appreciation (depreciation) of investments	264	12,114	(872)	-	174
Net increase (decrease) in net assets resulting from operations	\$ 127	\$ 10,721	\$ 745	\$ (37)	\$ 115

The accompanying notes are an integral part of these financial statements.

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	ING Julius Baer Foreign	ING MFS Total Return	ING T. Rowe Price Equity Income	ING American Century Small Cap Value	ING Baron Small Cap Growth
Net investment income (loss)					
Income:					
Dividends	\$ 2	\$ 55	\$ 26	\$ 2	\$ -
Total investment income	2	55	26	2	-
Expenses:					
Mortality, expense risk and other charges	7	17	23	8	6
Total expenses	7	17	23	8	6
Net investment income (loss)	(5)	38	3	(6)	(6)
Realized and unrealized gain (loss) on investments					
Net realized gain (loss) on investments	21	10	33	14	38
Capital gains distributions	10	-	15	62	-
Total realized gain (loss) on investments and capital gains distributions	31	10	48	76	38
Net unrealized appreciation (depreciation) of investments	241	130	238	46	96
Net increase (decrease) in net assets resulting from operations	<u>\$ 267</u>	<u>\$ 178</u>	<u>\$ 289</u>	<u>\$ 116</u>	<u>\$ 128</u>

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	ING JPMorgan Mid Cap Value	ING Oppenheimer Global Portfolio	ING PIMCO Total Return	ING T. Rowe Price Growth Equity	ING Van Kampen Comstock
Net investment income (loss)					
Income:					
Dividends	\$ 7	\$ -	\$ -	\$ 2	\$ -
Total investment income	7	-	-	2	-
Expenses:					
Mortality, expense risk and other charges	18	6	15	14	14
Total expenses	18	6	15	14	14
Net investment income (loss)	(11)	(6)	(15)	(12)	(14)
Realized and unrealized gain (loss) on investments					
Net realized gain (loss) on investments	17	8	(5)	26	15
Capital gains distributions	78	5	11	-	5
Total realized gain (loss) on investments and capital gains distributions	95	13	6	26	20
Net unrealized appreciation (depreciation) of investments	209	62	33	107	192
Net increase (decrease) in net assets resulting from operations	<u>\$ 293</u>	<u>\$ 69</u>	<u>\$ 24</u>	<u>\$ 121</u>	<u>\$ 198</u>

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
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	ING VP Strategic Allocation Balanced	ING VP Strategic Allocation Growth	ING VP Strategic Allocation Income	ING VP Natural Resources Trust	ING VP Global Science & Technology
Net investment income (loss)					
Income:					
Dividends	\$ 6	\$ 1	\$ 19	\$ -	\$ -
Total investment income	6	1	19	-	-
Expenses:					
Mortality, expense risk and other charges	8	2	10	3	-
Total expenses	8	2	10	3	-
Net investment income (loss)	(2)	(1)	9	(3)	-
Realized and unrealized gain (loss) on investments					
Net realized gain (loss) on investments	(14)	2	(5)	20	2
Capital gains distributions	-	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	(14)	2	(5)	20	2
Net unrealized appreciation (depreciation) of investments	30	13	12	63	5
Net increase (decrease) in net assets resulting from operations	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 16</u>	<u>\$ 80</u>	<u>\$ 7</u>

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
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	ING VP Index Plus LargeCap	ING VP Index Plus MidCap	ING VP Index Plus SmallCap	ING VP Disciplined LargeCap	ING VP Financial Services
Net investment income (loss)					
Income:					
Dividends	\$ 8	\$ 5	\$ 2	\$ 66	\$ -
Total investment income	8	5	2	66	-
Expenses:					
Mortality, expense risk and other charges	12	20	12	77	-
Total expenses	12	20	12	77	-
Net investment income (loss)	(4)	(15)	(10)	(11)	-
Realized and unrealized gain (loss) on investments					
Net realized gain (loss) on investments	27	53	20	(333)	-
Capital gains distributions	-	-	3	-	-
Total realized gain (loss) on investments and capital gains distributions	27	53	23	(333)	-
Net unrealized appreciation (depreciation) of investments	49	200	144	902	3
Net increase (decrease) in net assets resulting from operations	<u>\$ 72</u>	<u>\$ 238</u>	<u>\$ 157</u>	<u>\$ 558</u>	<u>\$ 3</u>

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RELIASTAR LIFE INSURANCE COMPANY
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	ING VP Growth Opportunities	ING VP Growth + Value	ING VP High Yield Bond	ING VP International Value	ING VP Index Plus MagnaCap
Net investment income (loss)					
Income:					
Dividends	\$ -	\$ -	\$ 542	\$ 259	\$ 18
Total investment income	-	-	542	259	18
Expenses:					
Mortality, expense risk and other charges	7	147	121	274	16
Total expenses	7	147	121	274	16
Net investment income (loss)	(7)	(147)	421	(15)	2
Realized and unrealized gain (loss) on investments					
Net realized gain (loss) on investments	(39)	(32,520)	182	1,343	44
Capital gains distributions	-	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	(39)	(32,520)	182	1,343	44
Net unrealized appreciation (depreciation) of investments	110	33,755	24	1,897	37
Net increase (decrease) in net assets resulting from operations	\$ 64	\$ 1,088	\$ 627	\$ 3,225	\$ 83

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RELIASTAR LIFE INSURANCE COMPANY
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	ING VP Index Plus MidCap <u>Opportunities</u>	ING VP <u>Real Estate</u>	ING VP Index Plus SmallCap <u>Opportunities</u>	Janus Aspen <u>Growth</u>	Janus Aspen International <u>Growth</u>
Net investment income (loss)					
Income:					
Dividends	\$ -	\$ 10	\$ -	\$ 41	\$ 176
Total investment income	-	10	-	41	176
Expenses:					
Mortality, expense risk and other charges	368	3	306	406	266
Total expenses	368	3	306	406	266
Net investment income (loss)	(368)	7	(306)	(365)	(90)
Realized and unrealized gain (loss)					
on investments					
Net realized gain (loss) on investments	(60)	8	632	(2,738)	1,783
Capital gains distributions	-	10	-	-	-
Total realized gain (loss) on investments					
and capital gains distributions	(60)	18	632	(2,738)	1,783
Net unrealized appreciation (depreciation)					
of investments	2,353	75	1,402	3,828	1,392
Net increase (decrease) in net assets					
resulting from operations	<u>\$ 1,925</u>	<u>\$ 100</u>	<u>\$ 1,728</u>	<u>\$ 725</u>	<u>\$ 3,085</u>

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(Dollars in thousands)

	Janus Aspen Mid Cap Growth	Janus Aspen Worldwide Growth	Neuberger Berman AMT Limited Maturity Bond	Neuberger Berman AMT Partners	Neuberger Berman AMT Socially Responsive
Net investment income (loss)					
Income:					
Dividends	\$ -	\$ 527	\$ 450	\$ 2	\$ -
Total investment income	-	527	450	2	-
Expenses:					
Mortality, expense risk and other charges	445	739	180	218	35
Total expenses	445	739	180	218	35
Net investment income (loss)	(445)	(212)	270	(216)	(35)
Realized and unrealized gain (loss) on investments					
Net realized gain (loss) on investments	(4,176)	647	6	(40)	36
Capital gains distributions	-	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	(4,176)	647	6	(40)	36
Net unrealized appreciation (depreciation) of investments	10,231	1,079	(356)	2,848	297
Net increase (decrease) in net assets resulting from operations	<u>\$ 5,610</u>	<u>\$ 1,514</u>	<u>\$ (80)</u>	<u>\$ 2,592</u>	<u>\$ 298</u>

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(Dollars in thousands)

	<u>OpCap Equity</u>	<u>OpCap Global Equity</u>	<u>OpCap Managed</u>	<u>OpCap Small Cap</u>	<u>Real Return</u>
Net investment income (loss)					
Income:					
Dividends	\$ 52	\$ 21	\$ 353	\$ 12	\$ 3
Total investment income	52	21	353	12	3
Expenses:					
Mortality, expense risk and other charges	77	60	275	387	3
Total expenses	77	60	275	387	3
Net investment income (loss)	(25)	(39)	78	(375)	-
Realized and unrealized gain (loss)					
on investments					
Net realized gain (loss) on investments	274	85	(153)	1,033	7
Capital gains distributions	-	-	-	-	21
Total realized gain (loss) on investments and capital gains distributions	274	85	(153)	1,033	28
Net unrealized appreciation (depreciation) of investments	327	445	1,681	3,494	(9)
Net increase (decrease) in net assets resulting from operations	<u>\$ 576</u>	<u>\$ 491</u>	<u>\$ 1,606</u>	<u>\$ 4,152</u>	<u>\$ 19</u>

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RELIASTAR LIFE INSURANCE COMPANY
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(Dollars in thousands)

	Pioneer High Yield VCT	Wanger Select	Wanger U.S. Small Companies
Net investment income (loss)			
Income:			
Dividends	\$ 27	\$ -	\$ -
Total investment income	27	-	-
Expenses:			
Mortality, expense risk and other charges	7	2	1
Total expenses	7	2	1
Net investment income (loss)	20	(2)	(1)
Realized and unrealized gain (loss) on investments			
Net realized gain (loss) on investments	10	-	1
Capital gains distributions	-	-	-
Total realized gain (loss) on investments and capital gains distributions	10	-	1
Net unrealized appreciation (depreciation) of investments	35	67	24
Net increase (decrease) in net assets resulting from operations	<u>\$ 65</u>	<u>\$ 65</u>	<u>\$ 24</u>

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RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
For the years ended December 31, 2004 and 2003
(Dollars in thousands)

	AIM VI Dent Demographic Trends	Alger American Growth	Alger American Leveraged AllCap	Alger American MidCap Growth
Net assets at January 1, 2003	\$ 3,129	\$ 40,255	\$ 26,713	\$ 22,771
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(59)	(637)	(428)	(407)
Net realized gain (loss) on investments and capital gains distributions	(1,024)	(3,110)	(5,014)	(6,228)
Net unrealized appreciation (depreciation) of investments	2,298	16,909	13,954	17,352
Net increase (decrease) in net assets from operations	1,215	13,162	8,512	10,717
Changes from principal transactions:				
Net premium payments	354	4,446	3,650	3,645
Surrenders	(614)	(3,215)	(2,663)	(3,018)
Policy loans	(5)	(64)	(49)	(60)
Transfers between Divisions (including fixed account), net	2,302	(913)	(1,826)	4,247
Annuity payments	-	-	-	(1)
Death benefits	(19)	(77)	(89)	(62)
Transfers from (to) required reserves	-	-	(4)	3
Administrative charges	(6)	(87)	(65)	(46)
Loan collateral interest	1	35	26	16
Increase (decrease) in net assets derived from principal transactions	2,013	125	(1,020)	4,724
Total increase (decrease)	3,228	13,287	7,492	15,441
Net assets at December 31, 2003	6,357	53,542	34,205	38,212
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(94)	(719)	(461)	(542)
Net realized gain (loss) on investments and capital gains distributions	(1,091)	(3,688)	(3,250)	(1,600)
Net unrealized appreciation (depreciation) of investments	1,638	6,197	5,715	6,162
Net increase (decrease) in net assets from operations	453	1,790	2,004	4,020
Changes from principal transactions:				
Net premium payments	328	3,797	3,153	3,741
Surrenders	(1,198)	(5,391)	(2,750)	(3,502)
Policy loans	(1)	(56)	(23)	(75)
Transfers between Divisions (including fixed account), net	892	(3,186)	(3,803)	(2,702)
Annuity payments	-	-	-	-
Death benefits	(23)	(91)	(43)	(113)
Transfers from (to) required reserves	(13)	8	7	11
Administrative charges	(6)	(79)	(58)	(49)
Loan collateral interest	2	36	26	19
Increase (decrease) in net assets derived from principal transactions	(19)	(4,962)	(3,491)	(2,670)
Total increase (decrease)	434	(3,172)	(1,487)	1,350
Net assets at December 31, 2004	\$ 6,791	\$ 50,370	\$ 32,718	\$ 39,562

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
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	Alger American Small Capitalization	Fidelity® VIP Asset Manager SM	Fidelity® VIP Asset Manager SM Growth	Fidelity® VIP Contrafund®
Net assets at January 1, 2003	\$ 9,480	\$ 2,725	\$ 15,979	\$ 54,623
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(160)	60	245	(591)
Net realized gain (loss) on investments and capital gains distributions	(4,310)	(254)	(791)	(761)
Net unrealized appreciation (depreciation) of investments	8,286	549	3,954	16,518
Net increase (decrease) in net assets from operations	3,816	355	3,408	15,166
Changes from principal transactions:				
Net premium payments	1,308	-	1,535	5,666
Surrenders	(1,138)	(603)	(1,343)	(6,183)
Policy loans	2	(10)	(44)	(40)
Transfers between Divisions (including fixed account), net	474	(178)	(163)	5,222
Annuity payments	-	-	-	-
Death benefits	(64)	(8)	(37)	(209)
Transfers from (to) required reserves	-	-	(5)	(6)
Administrative charges	(15)	(2)	(25)	(93)
Loan collateral interest	10	-	9	42
Increase (decrease) in net assets derived from principal transactions	577	(801)	(73)	4,399
Total increase (decrease)	4,393	(446)	3,335	19,565
Net assets at December 31, 2003	13,873	2,279	19,314	74,188
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(195)	32	177	(834)
Net realized gain (loss) on investments and capital gains distributions	645	(79)	(679)	78
Net unrealized appreciation (depreciation) of investments	1,385	127	1,311	11,313
Net increase (decrease) in net assets from operations	1,835	80	809	10,557
Changes from principal transactions:				
Net premium payments	1,114	-	1,262	6,042
Surrenders	(1,229)	(346)	(1,923)	(7,738)
Policy loans	(9)	(8)	(44)	(259)
Transfers between Divisions (including fixed account), net	(1,995)	(41)	(274)	5,015
Annuity payments	-	-	-	-
Death benefits	(18)	-	(67)	(129)
Transfers from (to) required reserves	1	-	1	8
Administrative charges	(16)	(2)	(23)	(91)
Loan collateral interest	11	-	11	45
Increase (decrease) in net assets derived from principal transactions	(2,141)	(397)	(1,057)	2,893
Total increase (decrease)	(306)	(317)	(248)	13,450
Net assets at December 31, 2004	\$ 13,567	\$ 1,962	\$ 19,066	\$ 87,638

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RELIASTAR LIFE INSURANCE COMPANY
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	Fidelity® VIP Equity- Income	Fidelity® VIP Growth	Fidelity® VIP Growth Opportunities	Fidelity® VIP Index 500
Net assets at January 1, 2003	\$ 39,755	\$ 41,316	\$ 1,546	\$ 94,053
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	116	(508)	(14)	36
Net realized gain (loss) on investments and capital gains distributions	(858)	(3,775)	(161)	(4,617)
Net unrealized appreciation (depreciation) of investments	13,377	16,595	677	29,604
Net increase (decrease) in net assets from operations	12,635	12,312	502	25,023
Changes from principal transactions:				
Net premium payments	5,499	5,563	275	12,251
Surrenders	(5,044)	(4,304)	(217)	(7,282)
Policy loans	(114)	(133)	(15)	(392)
Transfers between Divisions (including fixed account), net	7,069	(2,638)	253	(354)
Annuity payments	(1)	-	-	-
Death benefits	(102)	(187)	(2)	(179)
Transfers from (to) required reserves	(2)	(1)	-	(13)
Administrative charges	(62)	(92)	(4)	(207)
Loan collateral interest	33	39	1	98
Increase (decrease) in net assets derived from principal transactions	7,276	(1,753)	291	3,922
Total increase (decrease)	19,911	10,559	793	28,945
Net assets at December 31, 2003	59,666	51,875	2,339	122,998
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	67	(571)	(20)	(112)
Net realized gain (loss) on investments and capital gains distributions	84	(2,253)	(117)	(1,281)
Net unrealized appreciation (depreciation) of investments	5,919	3,678	264	12,114
Net increase (decrease) in net assets from operations	6,070	854	127	10,721
Changes from principal transactions:				
Net premium payments	5,309	4,472	292	11,534
Surrenders	(6,331)	(4,916)	(218)	(12,207)
Policy loans	(164)	(101)	(6)	(340)
Transfers between Divisions (including fixed account), net	3,185	(2,719)	(125)	(2,180)
Annuity payments	-	-	-	-
Death benefits	(116)	(66)	(4)	(300)
Transfers from (to) required reserves	(1)	7	(1)	12
Administrative charges	(65)	(83)	(4)	(195)
Loan collateral interest	35	41	2	105
Increase (decrease) in net assets derived from principal transactions	1,852	(3,365)	(64)	(3,571)
Total increase (decrease)	7,922	(2,511)	63	7,150
Net assets at December 31, 2004	\$ 67,588	\$ 49,364	\$ 2,402	\$ 130,148

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	Fidelity® VIP Investment Grade Bond	Fidelity® VIP Money Market	Fidelity® VIP Overseas	ING Julius Baer Foreign
Net assets at January 1, 2003	\$ 25,056	\$ 52,518	\$ 906	\$ -
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	1,032	(205)	(5)	-
Net realized gain (loss) on investments and capital gains distributions	639	2	(99)	-
Net unrealized appreciation (depreciation) of investments	(683)	(2)	440	-
Net increase (decrease) in net assets from operations	988	(205)	336	-
Changes from principal transactions:				
Net premium payments	3,994	48,021	1	-
Surrenders	(4,019)	(60,813)	(72)	-
Policy loans	(83)	(7)	(4)	-
Transfers between Divisions (including fixed account), net	(628)	(19,224)	(51)	-
Annuity payments	-	(23)	-	-
Death benefits	(46)	(283)	-	-
Transfers from (to) required reserves	1	26	(1)	-
Administrative charges	(27)	(19)	(2)	-
Loan collateral interest	9	17	-	-
Increase (decrease) in net assets derived from principal transactions	(799)	(32,305)	(129)	-
Total increase (decrease)	189	(32,510)	207	-
Net assets at December 31, 2003	25,245	20,008	1,113	-
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	690	(37)	(1)	(5)
Net realized gain (loss) on investments and capital gains distributions	927	-	(58)	31
Net unrealized appreciation (depreciation) of investments	(872)	-	174	241
Net increase (decrease) in net assets from operations	745	(37)	115	267
Changes from principal transactions:				
Net premium payments	2,956	27,795	-	69
Surrenders	(3,118)	(5,782)	(153)	(20)
Policy loans	(42)	43	(3)	6
Transfers between Divisions (including fixed account), net	(294)	(27,536)	(34)	1,645
Annuity payments	-	(24)	-	-
Death benefits	(63)	(128)	-	-
Transfers from (to) required reserves	(1)	(28)	-	1
Administrative charges	(24)	(17)	(2)	-
Loan collateral interest	11	17	-	-
Increase (decrease) in net assets derived from principal transactions	(575)	(5,660)	(192)	1,701
Total increase (decrease)	170	(5,697)	(77)	1,968
Net assets at December 31, 2004	<u>\$ 25,415</u>	<u>\$ 14,311</u>	<u>\$ 1,036</u>	<u>\$ 1,968</u>

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Statements of Changes in Net Assets
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	ING MFS Total Return	ING T. Rowe Price Equity Income	ING American Century Small Cap Value	ING Baron Small Cap Growth
Net assets at January 1, 2003	\$ -	\$ -	\$ 1	\$ 1
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	1	-	5	(3)
Net realized gain (loss) on investments and capital gains distributions	-	1	27	85
Net unrealized appreciation (depreciation) of investments	18	48	4	10
Net increase (decrease) in net assets from operations	19	49	36	92
Changes from principal transactions:				
Net premium payments	4	22	25	25
Surrenders	(9)	(5)	(4)	(4)
Policy loans	-	2	-	-
Transfers between Divisions (including fixed account), net	382	481	182	221
Annuity payments	-	-	-	-
Death benefits	-	-	-	-
Transfers from (to) required reserves	-	-	-	(2)
Administrative charges	-	-	-	-
Loan collateral interest	-	-	-	-
Increase (decrease) in net assets derived from principal transactions	377	500	203	240
Total increase (decrease)	396	549	239	332
Net assets at December 31, 2003	396	549	240	333
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	38	3	(6)	(6)
Net realized gain (loss) on investments and capital gains distributions	10	48	76	38
Net unrealized appreciation (depreciation) of investments	130	238	46	96
Net increase (decrease) in net assets from operations	178	289	116	128
Changes from principal transactions:				
Net premium payments	149	277	117	119
Surrenders	(125)	(204)	(77)	(28)
Policy loans	(10)	1	(4)	(1)
Transfers between Divisions (including fixed account), net	2,755	2,322	667	305
Annuity payments	-	-	-	-
Death benefits	-	-	-	-
Transfers from (to) required reserves	-	(1)	-	-
Administrative charges	(1)	(1)	-	-
Loan collateral interest	-	-	-	-
Increase (decrease) in net assets derived from principal transactions	2,768	2,394	703	395
Total increase (decrease)	2,946	2,683	819	523
Net assets at December 31, 2004	\$ 3,342	\$ 3,232	\$ 1,059	\$ 856

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Statements of Changes in Net Assets
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	ING JPMorgan Mid Cap Value	ING Oppenheimer Global Portfolio	ING PIMCO Total Return	ING T. Rowe Price Growth Equity
Net assets at January 1, 2003	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	5	(2)	18	(3)
Net realized gain (loss) on investments and capital gains distributions	4	35	(5)	3
Net unrealized appreciation (depreciation) of investments	46	17	(16)	41
Net increase (decrease) in net assets from operations	55	50	(3)	41
Changes from principal transactions:				
Net premium payments	77	58	361	66
Surrenders	(5)	(546)	(157)	(4)
Policy loans	(3)	-	(8)	(1)
Transfers between Divisions (including fixed account), net	485	705	480	431
Annuity payments	-	-	-	-
Death benefits	-	-	-	-
Transfers from (to) required reserves	-	(3)	-	-
Administrative charges	-	-	-	-
Loan collateral interest	-	-	-	-
Increase (decrease) in net assets derived from principal transactions	554	214	676	492
Total increase (decrease)	609	264	673	533
Net assets at December 31, 2003	609	264	673	533
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(11)	(6)	(15)	(12)
Net realized gain (loss) on investments and capital gains distributions	95	13	6	26
Net unrealized appreciation (depreciation) of investments	209	62	33	107
Net increase (decrease) in net assets from operations	293	69	24	121
Changes from principal transactions:				
Net premium payments	441	177	286	383
Surrenders	(78)	(16)	(81)	(76)
Policy loans	(5)	(8)	(1)	(5)
Transfers between Divisions (including fixed account), net	1,453	166	481	581
Annuity payments	-	-	-	-
Death benefits	(1)	-	-	-
Transfers from (to) required reserves	-	-	-	(1)
Administrative charges	(1)	(1)	(1)	(1)
Loan collateral interest	1	-	-	-
Increase (decrease) in net assets derived from principal transactions	1,810	318	684	881
Total increase (decrease)	2,103	387	708	1,002
Net assets at December 31, 2004	\$ 2,712	\$ 651	\$ 1,381	\$ 1,535

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
For the years ended December 31, 2004 and 2003
(Dollars in thousands)

	ING Van Kampen Comstock	ING VP Strategic Allocation Balanced	ING VP Strategic Allocation Growth	ING VP Strategic Allocation Income
Net assets at January 1, 2003	\$ 1	\$ -	\$ -	\$ -
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	8	1	-	6
Net realized gain (loss) on investments and capital gains distributions	51	8	-	(4)
Net unrealized appreciation (depreciation) of investments	-	11	1	13
Net increase (decrease) in net assets from operations	59	20	1	15
Changes from principal transactions:				
Net premium payments	89	9	26	83
Surrenders	(6)	(1)	-	(8)
Policy loans	-	-	(2)	1
Transfers between Divisions (including fixed account), net	299	129	2	135
Annuity payments	-	-	-	-
Death benefits	-	-	-	-
Transfers from (to) required reserves	-	-	-	2
Administrative charges	-	-	-	-
Loan collateral interest	-	-	-	-
Increase (decrease) in net assets derived from principal transactions	382	137	26	213
Total increase (decrease)	441	157	27	228
Net assets at December 31, 2003	442	157	27	228
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(14)	(2)	(1)	9
Net realized gain (loss) on investments and capital gains distributions	20	(14)	2	(5)
Net unrealized appreciation (depreciation) of investments	192	30	13	12
Net increase (decrease) in net assets from operations	198	14	14	16
Changes from principal transactions:				
Net premium payments	489	116	38	203
Surrenders	(74)	(35)	-	(30)
Policy loans	1	(6)	(6)	-
Transfers between Divisions (including fixed account), net	1,081	599	124	141
Annuity payments	-	-	-	-
Death benefits	-	-	-	-
Transfers from (to) required reserves	-	-	-	(2)
Administrative charges	(1)	-	-	-
Loan collateral interest	-	-	-	-
Increase (decrease) in net assets derived from principal transactions	1,496	674	156	312
Total increase (decrease)	1,694	688	170	328
Net assets at December 31, 2004	\$ 2,136	\$ 845	\$ 197	\$ 556

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
For the years ended December 31, 2004 and 2003
(Dollars in thousands)

	ING VP Natural Resources Trust	ING VP Global Science & Technology	ING VP Index Plus LargeCap	ING VP Index Plus MidCap
Net assets at January 1, 2003	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	-	-	(1)	(2)
Net realized gain (loss) on investments and capital gains distributions	-	-	3	5
Net unrealized appreciation (depreciation) of investments	-	-	24	36
Net increase (decrease) in net assets from operations	-	-	26	39
Changes from principal transactions:				
Net premium payments	-	-	85	73
Surrenders	-	-	(2)	(2)
Policy loans	-	-	1	1
Transfers between Divisions (including fixed account), net	-	-	191	395
Annuity payments	-	-	-	-
Death benefits	-	-	-	-
Transfers from (to) required reserves	-	-	(2)	(1)
Administrative charges	-	-	-	-
Loan collateral interest	-	-	-	-
Increase (decrease) in net assets derived from principal transactions	-	-	273	466
Total increase (decrease)	-	-	299	505
Net assets at December 31, 2003	-	-	299	505
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(3)	-	(4)	(15)
Net realized gain (loss) on investments and capital gains distributions	20	2	27	53
Net unrealized appreciation (depreciation) of investments	63	5	49	200
Net increase (decrease) in net assets from operations	80	7	72	238
Changes from principal transactions:				
Net premium payments	14	3	240	652
Surrenders	(6)	-	(15)	(46)
Policy loans	(10)	-	1	2
Transfers between Divisions (including fixed account), net	859	78	538	1,089
Annuity payments	-	-	-	-
Death benefits	-	-	-	-
Transfers from (to) required reserves	8	-	-	-
Administrative charges	-	-	(1)	(1)
Loan collateral interest	-	-	-	1
Increase (decrease) in net assets derived from principal transactions	865	81	763	1,697
Total increase (decrease)	945	88	835	1,935
Net assets at December 31, 2004	<u>\$ 945</u>	<u>\$ 88</u>	<u>\$ 1,134</u>	<u>\$ 2,440</u>

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
For the years ended December 31, 2004 and 2003
(Dollars in thousands)

	ING VP Index Plus SmallCap	ING VP Disciplined LargeCap	ING VP Financial Services	ING VP Growth Opportunities
Net assets at January 1, 2003	\$ -	\$ 3,616	\$ -	\$ 1,339
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(1)	(21)	-	(20)
Net realized gain (loss) on investments and capital gains distributions	17	(471)	-	(446)
Net unrealized appreciation (depreciation) of investments	19	1,337	-	886
Net increase (decrease) in net assets from operations	35	845	-	420
Changes from principal transactions:				
Net premium payments	55	175	-	204
Surrenders	(1)	(491)	-	(259)
Policy loans	-	(2)	-	(6)
Transfers between Divisions (including fixed account), net	186	1,046	-	(67)
Annuity payments	-	-	-	-
Death benefits	-	(22)	-	-
Transfers from (to) required reserves	(4)	3	-	-
Administrative charges	-	(4)	-	(2)
Loan collateral interest	-	1	-	1
Increase (decrease) in net assets derived from principal transactions	236	706	-	(129)
Total increase (decrease)	271	1,551	-	291
Net assets at December 31, 2003	271	5,167	-	1,630
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(10)	(11)	-	(7)
Net realized gain (loss) on investments and capital gains distributions	23	(333)	-	(39)
Net unrealized appreciation (depreciation) of investments	144	902	3	110
Net increase (decrease) in net assets from operations	157	558	3	64
Changes from principal transactions:				
Net premium payments	302	152	22	62
Surrenders	(28)	(1,153)	-	(32)
Policy loans	3	7	-	2
Transfers between Divisions (including fixed account), net	1,104	951	13	(1,723)
Annuity payments	-	-	-	-
Death benefits	-	(7)	-	-
Transfers from (to) required reserves	-	(3)	-	(3)
Administrative charges	(1)	(3)	-	-
Loan collateral interest	1	1	-	-
Increase (decrease) in net assets derived from principal transactions	1,381	(55)	35	(1,694)
Total increase (decrease)	1,538	503	38	(1,630)
Net assets at December 31, 2004	<u>\$ 1,809</u>	<u>\$ 5,670</u>	<u>\$ 38</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
For the years ended December 31, 2004 and 2003
(Dollars in thousands)

	ING VP Growth + Value	ING VP High Yield Bond	ING VP International Value	ING VP Index Plus MagnaCap
Net assets at January 1, 2003	\$ 28,808	\$ 4,422	\$ 10,693	\$ 1,511
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(433)	511	-	(4)
Net realized gain (loss) on investments and capital gains distributions	(8,048)	312	1,734	(227)
Net unrealized appreciation (depreciation) of investments	17,988	562	2,611	456
Net increase (decrease) in net assets from operations	9,507	1,385	4,345	225
Changes from principal transactions:				
Net premium payments	3,506	1,057	1,303	165
Surrenders	(3,022)	(963)	(1,803)	(74)
Policy loans	(50)	(37)	7	(8)
Transfers between Divisions (including fixed account), net	(3,407)	7,333	3,208	(690)
Annuity payments	-	-	-	-
Death benefits	(81)	(5)	(43)	-
Transfers from (to) required reserves	(4)	19	41	2
Administrative charges	(64)	(3)	(13)	(1)
Loan collateral interest	26	2	4	-
Increase (decrease) in net assets derived from principal transactions	(3,096)	7,403	2,704	(606)
Total increase (decrease)	6,411	8,788	7,049	(381)
Net assets at December 31, 2003	35,219	13,210	17,742	1,130
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(147)	421	(15)	2
Net realized gain (loss) on investments and capital gains distributions	(32,520)	182	1,343	44
Net unrealized appreciation (depreciation) of investments	33,755	24	1,897	37
Net increase (decrease) in net assets from operations	1,088	627	3,225	83
Changes from principal transactions:				
Net premium payments	915	720	1,775	133
Surrenders	(916)	(1,077)	(1,906)	(132)
Policy loans	(4)	(31)	(32)	(5)
Transfers between Divisions (including fixed account), net	(36,281)	(161)	4,991	(37)
Annuity payments	-	-	-	-
Death benefits	(9)	(4)	(13)	-
Transfers from (to) required reserves	(3)	39	1	-
Administrative charges	(16)	(5)	(16)	(1)
Loan collateral interest	7	3	5	1
Increase (decrease) in net assets derived from principal transactions	(36,307)	(516)	4,805	(41)
Total increase (decrease)	(35,219)	111	8,030	42
Net assets at December 31, 2004	\$ -	\$ 13,321	\$ 25,772	\$ 1,172

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
For the years ended December 31, 2004 and 2003
(Dollars in thousands)

	ING VP Index Plus MidCap Opportunities	ING VP Real Estate	ING VP Index Plus SmallCap Opportunities	Janus Aspen Growth
Net assets at January 1, 2003	\$ 1,024	\$ -	\$ 21,178	\$ 26,596
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(18)	-	(297)	(370)
Net realized gain (loss) on investments and capital gains distributions	(139)	-	(25,176)	(3,689)
Net unrealized appreciation (depreciation) of investments	541	-	31,970	11,594
Net increase (decrease) in net assets from operations	384	-	6,497	7,535
Changes from principal transactions:				
Net premium payments	209	-	2,941	3,556
Surrenders	(143)	-	(2,379)	(2,606)
Policy loans	-	-	(27)	(56)
Transfers between Divisions (including fixed account), net	198	-	(4,693)	(3,682)
Annuity payments	-	-	-	-
Death benefits	-	-	(33)	(55)
Transfers from (to) required reserves	(2)	-	1	2
Administrative charges	(2)	-	(40)	(62)
Loan collateral interest	1	-	12	24
Increase (decrease) in net assets derived from principal transactions	261	-	(4,218)	(2,879)
Total increase (decrease)	645	-	2,279	4,656
Net assets at December 31, 2003	1,669	-	23,457	31,252
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(368)	7	(306)	(365)
Net realized gain (loss) on investments and capital gains distributions	(60)	18	632	(2,738)
Net unrealized appreciation (depreciation) of investments	2,353	75	1,402	3,828
Net increase (decrease) in net assets from operations	1,925	100	1,728	725
Changes from principal transactions:				
Net premium payments	2,297	42	2,126	2,669
Surrenders	(2,646)	(22)	(1,998)	(2,830)
Policy loans	(13)	-	(33)	(36)
Transfers between Divisions (including fixed account), net	35,328	830	(2,540)	(3,670)
Annuity payments	-	-	-	-
Death benefits	(19)	-	(25)	(57)
Transfers from (to) required reserves	4	2	4	1
Administrative charges	(46)	-	(36)	(52)
Loan collateral interest	22	-	13	23
Increase (decrease) in net assets derived from principal transactions	34,927	852	(2,489)	(3,952)
Total increase (decrease)	36,852	952	(761)	(3,227)
Net assets at December 31, 2004	<u>\$ 38,521</u>	<u>\$ 952</u>	<u>\$ 22,696</u>	<u>\$ 28,025</u>

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
For the years ended December 31, 2004 and 2003
(Dollars in thousands)

	Janus Aspen International Growth	Janus Aspen Mid Cap Growth	Janus Aspen Worldwide Growth	Neuberger Berman AMT Limited Maturity Bond
Net assets at January 1, 2003	\$ 13,930	\$ 24,050	\$ 51,116	\$ 15,582
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	122	(380)	(138)	441
Net realized gain (loss) on investments and capital gains distributions	5,309	(6,705)	3,754	200
Net unrealized appreciation (depreciation) of investments	3,204	14,961	7,984	(479)
Net increase (decrease) in net assets from operations	8,635	7,876	11,600	162
Changes from principal transactions:				
Net premium payments	1,819	4,340	5,811	1,552
Surrenders	(1,885)	(2,716)	(4,180)	(1,871)
Policy loans	(11)	(147)	(93)	(36)
Transfers between Divisions (including fixed account), net	(4,503)	(2,180)	(7,923)	(1,698)
Annuity payments	-	-	(1)	-
Death benefits	(12)	(65)	(184)	(47)
Transfers from (to) required reserves	67	12	17	1
Administrative charges	(25)	(79)	(99)	(13)
Loan collateral interest	10	23	44	5
Increase (decrease) in net assets derived from principal transactions	(4,540)	(812)	(6,608)	(2,107)
Total increase (decrease)	4,095	7,064	4,992	(1,945)
Net assets at December 31, 2003	18,025	31,114	56,108	13,637
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(90)	(445)	(212)	270
Net realized gain (loss) on investments and capital gains distributions	1,783	(4,176)	647	6
Net unrealized appreciation (depreciation) of investments	1,392	10,231	1,079	(356)
Net increase (decrease) in net assets from operations	3,085	5,610	1,514	(80)
Changes from principal transactions:				
Net premium payments	1,659	3,258	4,619	1,202
Surrenders	(1,840)	(2,880)	(4,996)	(1,848)
Policy loans	(70)	(139)	(124)	(31)
Transfers between Divisions (including fixed account), net	405	(2,743)	(5,062)	(692)
Annuity payments	-	-	-	-
Death benefits	(25)	(62)	(95)	(35)
Transfers from (to) required reserves	2	2	10	-
Administrative charges	(24)	(73)	(88)	(13)
Loan collateral interest	10	25	44	6
Increase (decrease) in net assets derived from principal transactions	117	(2,612)	(5,692)	(1,411)
Total increase (decrease)	3,202	2,998	(4,178)	(1,491)
Net assets at December 31, 2004	\$ 21,227	\$ 34,112	\$ 51,930	\$ 12,146

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
For the years ended December 31, 2004 and 2003
(Dollars in thousands)

	Neuberger Berman AMT Partners	Neuberger Berman AMT Socially Responsive	OpCap Equity	OpCap Global Equity
Net assets at January 1, 2003	\$ 10,137	\$ 1,231	\$ 3,813	\$ 1,785
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(165)	(23)	(11)	(40)
Net realized gain (loss) on investments and capital gains distributions	(521)	(11)	1	906
Net unrealized appreciation (depreciation) of investments	4,052	488	1,070	434
Net increase (decrease) in net assets from operations	3,366	454	1,060	1,300
Changes from principal transactions:				
Net premium payments	1,151	317	634	371
Surrenders	(1,208)	(97)	(336)	(735)
Policy loans	(34)	(6)	(1)	(13)
Transfers between Divisions (including fixed account), net	1,205	325	958	1,003
Annuity payments	-	-	-	-
Death benefits	(2)	-	(1)	-
Transfers from (to) required reserves	-	-	(2)	7
Administrative charges	(19)	(3)	(8)	(3)
Loan collateral interest	9	1	4	1
Increase (decrease) in net assets derived from principal transactions	1,102	537	1,248	631
Total increase (decrease)	4,468	991	2,308	1,931
Net assets at December 31, 2003	14,605	2,222	6,121	3,716
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	(216)	(35)	(25)	(39)
Net realized gain (loss) on investments and capital gains distributions	(40)	36	274	85
Net unrealized appreciation (depreciation) of investments	2,848	297	327	445
Net increase (decrease) in net assets from operations	2,592	298	576	491
Changes from principal transactions:				
Net premium payments	1,246	389	578	541
Surrenders	(2,105)	(138)	(524)	(432)
Policy loans	(23)	(23)	(26)	(13)
Transfers between Divisions (including fixed account), net	980	159	(990)	919
Annuity payments	-	-	-	-
Death benefits	(9)	-	(10)	(14)
Transfers from (to) required reserves	(3)	-	-	-
Administrative charges	(18)	(4)	(8)	(5)
Loan collateral interest	10	1	4	2
Increase (decrease) in net assets derived from principal transactions	78	384	(976)	998
Total increase (decrease)	2,670	682	(400)	1,489
Net assets at December 31, 2004	\$ 17,275	\$ 2,904	\$ 5,721	\$ 5,205

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RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
For the years ended December 31, 2004 and 2003
(Dollars in thousands)

	OpCap Managed	OpCap Small Cap	Real Return	Pioneer High Yield VCT
Net assets at January 1, 2003	\$ 15,916	\$ 13,832	\$ -	\$ -
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	57	(251)	-	-
Net realized gain (loss) on investments and capital gains distributions	(606)	350	-	-
Net unrealized appreciation (depreciation) of investments	3,851	6,268	-	-
Net increase (decrease) in net assets from operations	3,302	6,367	-	-
Changes from principal transactions:				
Net premium payments	1,670	2,298	-	-
Surrenders	(1,450)	(1,576)	-	-
Policy loans	(81)	(78)	-	-
Transfers between Divisions (including fixed account), net	4,665	4,644	-	-
Annuity payments	-	-	-	-
Death benefits	(6)	(23)	-	-
Transfers from (to) required reserves	-	5	-	-
Administrative charges	(26)	(27)	-	-
Loan collateral interest	9	8	-	-
Increase (decrease) in net assets derived from principal transactions	4,781	5,251	-	-
Total increase (decrease)	8,083	11,618	-	-
Net assets at December 31, 2003	23,999	25,450	-	-
Increase (decrease) in net assets				
Operations:				
Net investment income (loss)	78	(375)	-	20
Net realized gain (loss) on investments and capital gains distributions	(153)	1,033	28	10
Net unrealized appreciation (depreciation) of investments	1,681	3,494	(9)	35
Net increase (decrease) in net assets from operations	1,606	4,152	19	65
Changes from principal transactions:				
Net premium payments	1,444	2,560	18	30
Surrenders	(2,158)	(2,590)	(19)	(17)
Policy loans	(52)	(99)	-	-
Transfers between Divisions (including fixed account), net	(6,128)	785	752	1,848
Annuity payments	-	-	-	-
Death benefits	(80)	(86)	-	-
Transfers from (to) required reserves	13	(3)	-	-
Administrative charges	(24)	(29)	-	-
Loan collateral interest	12	11	-	-
Increase (decrease) in net assets derived from principal transactions	(6,973)	549	751	1,861
Total increase (decrease)	(5,367)	4,701	770	1,926
Net assets at December 31, 2004	<u>\$ 18,632</u>	<u>\$ 30,151</u>	<u>\$ 770</u>	<u>\$ 1,926</u>

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Statements of Changes in Net Assets
For the years ended December 31, 2004 and 2003
(Dollars in thousands)

	<u>Wanger Select</u>	<u>Wanger U.S. Small Companies</u>
Net assets at January 1, 2003	\$ -	\$ -
Increase (decrease) in net assets		
Operations:		
Net investment income (loss)	-	-
Net realized gain (loss) on investments and capital gains distributions	-	-
Net unrealized appreciation (depreciation) of investments	-	-
Net increase (decrease) in net assets from operations	-	-
Changes from principal transactions:		
Net premium payments	-	-
Surrenders	-	-
Policy loans	-	-
Transfers between Divisions (including fixed account), net	-	-
Annuity payments	-	-
Death benefits	-	-
Transfers from (to) required reserves	-	-
Administrative charges	-	-
Loan collateral interest	-	-
Increase (decrease) in net assets derived from principal transactions	-	-
Total increase (decrease)	-	-
Net assets at December 31, 2003	-	-
Increase (decrease) in net assets		
Operations:		
Net investment income (loss)	(2)	(1)
Net realized gain (loss) on investments and capital gains distributions	-	1
Net unrealized appreciation (depreciation) of investments	67	24
Net increase (decrease) in net assets from operations	65	24
Changes from principal transactions:		
Net premium payments	15	6
Surrenders	(8)	(1)
Policy loans	-	-
Transfers between Divisions (including fixed account), net	935	392
Annuity payments	-	-
Death benefits	-	-
Transfers from (to) required reserves	-	-
Administrative charges	-	-
Loan collateral interest	-	-
Increase (decrease) in net assets derived from principal transactions	942	397
Total increase (decrease)	1,007	421
Net assets at December 31, 2004	<u>\$ 1,007</u>	<u>\$ 421</u>

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Notes to Financial Statements

1. Organization

ReliaStar Life Insurance Company Separate Account N (the “Account”), formerly Northern Life Separate Account One, was established by Northern Life Insurance Company (“Northern Life”) to support the operations of variable annuity contracts (“Contracts”). In 2002, Northern Life merged with ReliaStar Life Insurance Company (“ReliaStar Life” or the “Company”). The Company is an indirect wholly owned subsidiary ING America Insurance Holding Inc. (“ING AIH”). ING AIH is a subsidiary of ING Groep, N.V., a global financial services holding company based in The Netherlands.

The Account is registered as a unit investment trust with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. ReliaStar Life provides for variable accumulation and benefits under the Contracts by crediting annuity considerations to one or more divisions within the Account or a fixed account, which is not part of the Account, as directed by the Contractowners. The portion of the Account’s assets applicable to Contracts will not be charged with liabilities arising out of any other business ReliaStar Life may conduct, but obligations of the Account, including the promise to make benefit payments, are obligations of ReliaStar Life. The assets and liabilities of the Account are clearly identified and distinguished from the other assets and liabilities of ReliaStar Life.

At December 31, 2004, the Account had 56 investment divisions (the “Divisions”), 31 of which invest in independently managed mutual funds and 25 of which invest in mutual funds advised by affiliates, either ING Investments, LLC or ING Life Insurance and Annuity Company. The assets in each Division are invested in shares of a designated mutual fund (“Fund”) of various investment trusts (the “Trusts”). Investment Divisions at December 31, 2004, and related Trusts are as follows:

AIM Variable Insurance Funds:

AIM VI Dent Demographic Trends Fund -
Series I Shares

The Alger American Fund:

Alger American Growth Portfolio - Class O
Shares

Alger American Leveraged AllCap Portfolio -
Class O Shares

Alger American MidCap Growth Portfolio -
Class O Shares

Alger American Small Capitalization Portfolio -
Class O Shares

Fidelity® Variable Insurance Products Fund:

Fidelity® VIP *Asset Manager*SM Portfolio - Initial
Class

Fidelity® VIP *Asset Manager*SM Growth Portfolio
- Initial Class

Fidelity® VIP Contrafund® Portfolio - Initial
Class

Fidelity® Variable Insurance Products Fund
(continued):

Fidelity® VIP Equity-Income Portfolio - Initial
Class

Fidelity® VIP Growth Portfolio - Initial Class

Fidelity® VIP Growth Opportunities Portfolio -
Initial Class

Fidelity® VIP Index 500 Portfolio - Initial Class

Fidelity® VIP Investment Grade Bond Portfolio -
Initial Class

Fidelity® VIP Money Market Portfolio - Initial
Class

Fidelity® VIP Overseas Portfolio - Initial Class

ING Investors Trust:

ING Julius Baer Foreign**

ING MFS Total Return Portfolio - Service Class*

ING T. Rowe Price Equity Income Portfolio -
Service Class*

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ING Partners, Inc.:

ING American Century Small Cap Value Portfolio - Initial Class
ING Baron Small Cap Growth Portfolio - Initial Class
ING JPMorgan Mid Cap Value Portfolio - Initial Class
ING Oppenheimer Global Portfolio - Initial Class*
ING PIMCO Total Return Portfolio - Initial Class*
ING T. Rowe Price Growth Equity Portfolio - Initial Class*
ING Van Kampen Comstock Portfolio - Initial Class

ING Strategic Allocations Portfolios, Inc.:

ING VP Strategic Allocation Balanced Portfolio - Class I*
ING VP Strategic Allocation Growth Portfolio - Class I*
ING VP Strategic Allocation Income Portfolio - Class I*

ING VP Natural Resources Trust**

ING Variable Portfolios, Inc.:

ING VP Global Science and Technology Portfolio - Class I**
ING VP Index Plus LargeCap Portfolio - Class I*
ING VP Index Plus MidCap Portfolio - Class I*
ING VP Index Plus SmallCap Portfolio - Class I*

ING Variable Products Trust:

ING VP Disciplined LargeCap Portfolio - Class I
ING VP Financial Services Portfolio - Class I**
ING VP High Yield Bond Portfolio - Class I
ING VP International Value Portfolio - Class I
ING VP Index Plus MagnaCap Portfolio - Class I
ING VP Index Plus MidCap Opportunities Portfolio - Class I
ING VP Real Estate Portfolio - Class I**
ING VP Index Plus SmallCap Opportunities Portfolio - Class I

Janus Aspen Series:

Janus Aspen Growth Portfolio - Institutional Shares
Janus Aspen International Growth Portfolio - Institutional Shares
Janus Aspen Mid Cap Growth Portfolio - Institutional Shares
Janus Aspen Worldwide Growth Portfolio - Institutional Shares

Neuberger Berman Advisers Management Trust:

Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I
Neuberger Berman AMT Partners Portfolio - Class I
Neuberger Berman AMT Socially Responsive Portfolio - Class I

PIMCO Advisors VIT:

OpCap Equity Portfolio
OpCap Global Equity Portfolio
OpCap Managed Portfolio
OpCap Small Cap Portfolio
Real Return Portfolio - Administrative Class**

Pioneer Variable Contracts Trust:

Pioneer High Yield VCT Portfolio - Administrative Class**

Wanger Advisors Trust:

Wanger Select**
Wanger U.S. Small Companies**

* Division added in 2003

** Division added in 2004

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Notes to Financial Statements

The names of certain Divisions and Trusts were changed during 2004. The following is a summary of current and former names for those Divisions and Trusts:

Current Name	Former Name
ING Partners, Inc.:	ING Partners, Inc.:
ING Oppenheimer Global Portfolio - Initial Class	ING MFS Global Growth Portfolio - Initial Class
ING Strategic Allocations Portfolios, Inc.:	ING Strategic Allocations Portfolios, Inc.:
ING VP Strategic Allocation Balanced Portfolio - Class I	ING VP Strategic Allocation Balanced Portfolio - Class R
ING VP Strategic Allocation Growth Portfolio - Class I	ING VP Strategic Allocation Growth Portfolio - Class R
ING VP Strategic Allocation Income Portfolio - Class I	ING VP Strategic Allocation Income Portfolio - Class R
ING Variable Portfolios, Inc.:	ING Variable Portfolios, Inc.:
ING VP Index Plus LargeCap Portfolio - Class I	ING VP Index Plus LargeCap Portfolio - Class R
ING VP Index Plus MidCap Portfolio - Class I	ING VP Index Plus MidCap Portfolio - Class R
ING VP Index Plus SmallCap Portfolio - Class I	ING VP Index Plus SmallCap Portfolio - Class R
ING Variable Products Trust:	ING Variable Products Trust:
ING VP Disciplined LargeCap Portfolio - Class I	ING VP Disciplined LargeCap Portfolio - Class R
ING VP Growth + Value Portfolio - Class I	ING VP Growth + Value Portfolio - Class R
ING VP High Yield Bond Portfolio - Class I	ING VP High Yield Bond Portfolio - Class R
ING VP International Value Portfolio - Class I	ING VP International Value Portfolio - Class R
ING VP Index Plus MagnaCap Portfolio - Class I	ING VP MagnaCap Portfolio - Class R
ING VP Index Plus MidCap Opportunities Portfolio - Class I	ING VP MidCap Opportunities Portfolio - Class R
ING VP Index Plus SmallCap Opportunities Portfolio - Class I	ING VP SmallCap Opportunities Portfolio - Class R
PIMCO Advisors VIT	PIMCO Accumulation Trust

During 2004, the following Divisions were closed to Contractowners:

ING VP Growth Opportunities Portfolio - Class I
ING VP Growth + Value Portfolio - Class I

2. Significant Accounting Policies

The following is a summary of the significant accounting policies of the Account:

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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Notes to Financial Statements

Investments

Investments are made in shares of a Fund and are recorded at fair value, determined by the net asset value per share of the respective Fund. Investment transactions in each Fund are recorded on the trade date. Distributions of net investment income and capital gains from each Fund are recognized on the ex-distribution date. Realized gains and losses on redemptions of the shares of the Fund are determined on a first-in first-out basis. The difference between cost and current market value of investments owned on the day of measurement is recorded as unrealized appreciation or depreciation of investments.

Federal Income Taxes

Operations of the Account form a part of, and are taxed with, the total operations of ReliaStar Life, which is taxed as a life insurance company under the Internal Revenue Code. Earnings and realized capital gains of the Account attributable to the Contractowners are excluded in the determination of the federal income tax liability of ReliaStar Life.

Variable Annuity Reserves

Prior to the annuity date, the Contracts are redeemable for the net cash surrender value of the Contracts. The annuity reserves are equal to the aggregate account values of the Contractowners invested in the Account Divisions. Net assets allocated to contracts in the payout period are computed according to the Annuity 2000 Mortality Table. The assumed investment return is 3.5% unless the Contractowner elects otherwise, in which case the rate may vary from 3.5% to 7.0%, as regulated by the laws of the respective states. The mortality risk is fully borne by ReliaStar Life and may result in additional amounts being transferred into the Account by ReliaStar Life to cover greater longevity of Contractowners than expected. Conversely, if amounts allocated exceed amounts required, transfers may be made to ReliaStar Life.

Transfers

Transfers from (to) required reserves on the Statement of Changes in Net Assets relate to gains and losses resulting from actual mortality experience (the full responsibility for which is assumed by ReliaStar Life), Contractowner transfers between ReliaStar Life and the Divisions, and other Contractowner activity, including Contract deposits and withdrawals. Unsettled transactions as of the reporting date appear on a net basis in the line Due to ReliaStar Life Insurance Company on the Statement of Assets and Liabilities.

Reclassifications

Certain reclassifications have been made to prior year financial information to conform to the current year classifications.

3. Charges and Fees

Under the terms of the Contracts, certain charges are allocated to the Contracts to cover ReliaStar Life's expenses in connection with the issuance and administration of the Contracts. Following is a summary of these charges:

Mortality and Expense Risk Charges

ReliaStar Life assumes mortality and expense risks related to the operations of the Account and, in accordance with the terms of the Contracts, deducts a daily charge from the assets of the Account. Daily charges are deducted at annual rates of 1.25% of the average daily net asset value of each Division of the Account to cover these risks.

Administrative Charges

A daily charge at an annual rate of 0.15% of the assets attributable to the Contracts is deducted for administrative charges.

Contract Maintenance Charges

An annual Contract charge of \$30 is deducted from each Contract on the anniversary date or at the time of surrender, if surrender is at a time other than the anniversary date.

Sales and Surrender Charges

No deduction is made for a sales charge from the purchase payments made for the Contracts. However, on certain surrenders, ReliaStar Life will deduct from the Contract value a surrender charge of up to 8%, as set forth in the Contract.

Premium Taxes

Various states and other governmental units levy a premium tax on variable annuity considerations. If the Contractowner lives in a state which levies such a tax, ReliaStar Life may deduct the amount of the tax from the premiums payments.

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4. Related Party Transactions

During the year ended December 31, 2004, management fees were paid indirectly to ING Life Insurance and Annuity Company, an affiliate of the Company, in its capacity as investment adviser to ING Partners, Inc. The Funds' advisory agreement provided for a fee at annual rates ranging from 0.50% to 1.00% of the average net assets of each respective Fund of the Trust. In addition, management fees were paid to ING Investments, LLC, an affiliate of the Company, in its capacity as investment adviser to ING Variable Products Trust. The Funds' advisory agreement provided for a fee at annual rates ranging from 0.40% to 1.00% of the average net assets of each respective Fund of the Trust.

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Notes to Financial Statements

5. Purchases and Sales of Investment Securities

The aggregate cost of purchases and proceeds from sales of investments follow:

	Year ended December 31			
	2004		2003	
	Purchases	Sales	Purchases	Sales
	<i>(Dollars In Thousands)</i>			
AIM Variable Insurance Funds:				
AIM VI Dent Demographic Trends	\$ 1,635	\$ 1,748	\$ 2,977	\$ 1,023
The Alger American Fund:				
Alger American Growth	881	6,562	2,851	3,363
Alger American Leveraged AllCap	987	4,939	3,775	5,223
Alger American MidCap Growth	2,417	5,628	16,422	12,106
Alger American Small Capitalization	686	3,022	39,952	39,535
Fidelity® Variable Insurance Products Fund:				
Fidelity® VIP <i>Asset Manager</i> SM	62	427	95	836
Fidelity® VIP <i>Asset Manager</i> SM Growth	1,476	2,356	1,969	1,797
Fidelity® VIP Contrafund®	5,666	3,607	7,047	3,239
Fidelity® VIP Equity-Income	6,392	4,247	10,581	3,191
Fidelity® VIP Growth	1,529	5,465	2,969	5,230
Fidelity® VIP Growth Opportunities	317	401	573	296
Fidelity® VIP Index 500	8,068	11,751	17,475	13,517
Fidelity® VIP Investment Grade Bond	6,849	5,983	9,936	9,703
Fidelity® VIP Money Market	24,206	29,881	897,945	930,485
Fidelity® VIP Overseas	19	212	11	145
ING Investors Trust:				
ING Julius Baer Foreign	1,978	272	-	-
ING MFS Total Return	2,934	128	388	10
ING T. Rowe Price Equity Income	2,614	202	546	46
ING Partners, Inc.:				
ING American Century Small Cap Value	978	219	413	205
ING Baron Small Cap Growth	733	344	5,400	5,163
ING JPMorgan Mid Cap Value	1,964	87	586	27
ING Oppenheimer Global Portfolio	379	62	10,280	10,068
ING PIMCO Total Return	1,557	877	2,926	2,232
ING T. Rowe Price Growth Equity	1,082	213	1,826	1,337
ING Van Kampen Comstock	1,997	510	1,577	1,187
ING Strategic Allocations Portfolios, Inc.:				
ING VP Strategic Allocation Balanced	2,137	1,465	765	627
ING VP Strategic Allocation Growth	181	26	28	2
ING VP Strategic Allocation Income	1,116	795	1,573	1,354
ING VP Natural Resources Trust	1,084	222	-	-

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Notes to Financial Statements

	Year ended December 31			
	2004		2003	
	Purchases	Sales	Purchases	Sales
	<i>(Dollars In Thousands)</i>			
ING Variable Portfolios, Inc.:				
ING VP Global Science and Technology	\$ 135	\$ 54	-	-
ING VP Index Plus LargeCap	1,262	503	294	22
ING VP Index Plus MidCap	2,177	495	496	32
ING VP Index Plus SmallCap	2,025	651	2,645	2,410
ING Variable Products Trust:				
ING VP Disciplined LargeCap	1,335	1,401	1,646	961
ING VP Financial Services	37	2	-	-
ING VP Growth Opportunities	73	1,774	420	569
ING VP Growth + Value	228	36,685	1,471	4,997
ING VP High Yield Bond	10,075	10,170	47,039	39,125
ING VP International Value	11,444	6,654	85,112	82,408
ING VP Index Plus MagnaCap	190	229	300	910
ING VP Index Plus MidCap Opportunities	38,510	3,951	530	287
ING VP Real Estate	1,158	289	-	-
ING VP Index Plus SmallCap Opportunities	626	3,421	16,173	20,688
Janus Aspen Series:				
Janus Aspen Growth	657	4,974	1,390	4,639
Janus Aspen International Growth	8,222	8,195	419,079	423,497
Janus Aspen Mid Cap Growth	547	3,604	2,504	3,696
Janus Aspen Worldwide Growth	1,339	7,242	195,632	202,379
Neuberger Berman Advisers Management Trust:				
Neuberger Berman AMT Limited Maturity Bond	1,399	2,540	3,317	4,983
Neuberger Berman AMT Partners	1,742	1,880	2,395	1,458
Neuberger Berman AMT Socially Responsive	574	225	723	209
PIMCO Advisors VIT:				
OpCap Equity	860	1,861	9,093	7,856
OpCap Global Equity	1,476	517	110,718	110,127
OpCap Managed	7,286	14,181	8,106	3,268
OpCap Small Cap	4,650	4,476	40,861	35,861
Real Return	1,747	975	-	-
Pioneer Variable Contracts Trust:				
Pioneer High Yield VCT	2,442	561	-	-
Wanger Advisors Trust:				
Wanger Select	957	17	-	-
Wanger U.S. Small Companies	411	15	-	-

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6. Changes in Units

The net changes in units outstanding follow:

	Year ended December 31,			
	2004			2003
	Net Increase (Decrease)	Units Issued	Units Redeemed	Net Units Issued (Redeemed)
AIM Variable Insurance Funds:				
AIM VI Dent Demographic Trends	1,068	355,535	(354,467)	444,527
The Alger American Fund:				
Alger American Growth	(297,626)	62,074	(359,700)	(5,834)
Alger American Leveraged AllCap	(181,832)	57,171	(239,003)	(66,069)
Alger American MidCap Growth	(130,680)	124,614	(255,294)	241,936
Alger American Small Capitalization	(227,435)	81,061	(308,496)	61,489
Fidelity® Variable Insurance Products Fund:				
Fidelity® VIP Asset Manager SM	(23,940)	100	(24,040)	(54,380)
Fidelity® VIP Asset Manager SM Growth	(67,159)	71,368	(138,527)	(7,710)
Fidelity® VIP Contrafund®	130,288	272,719	(142,431)	233,454
Fidelity® VIP Equity-Income	96,890	301,270	(204,380)	461,665
Fidelity® VIP Growth	(213,475)	101,886	(315,361)	(138,429)
Fidelity® VIP Growth Opportunities	(9,683)	47,896	(57,579)	52,542
Fidelity® VIP Index 500	(196,062)	366,316	(562,378)	205,979
Fidelity® VIP Investment Grade Bond	(44,108)	399,542	(443,650)	(58,049)
Fidelity® VIP Money Market	(445,914)	1,898,849	(2,344,763)	(2,555,975)
Fidelity® VIP Overseas	(13,793)	441	(14,234)	(12,378)
ING Investors Trust:				
ING Julius Baer Foreign	168,617	194,208	(25,591)	-
ING MFS Total Return	235,260	236,087	(827)	35,106
ING T. Rowe Price Equity Income	189,375	195,249	(5,874)	45,174
ING Partners, Inc.:				
ING American Century Small Cap Value	48,109	63,744	(15,635)	17,799
ING Baron Small Cap Growth	25,998	50,004	(24,006)	25,059
ING JPMorgan Mid Cap Value	129,286	135,423	(6,137)	47,245
ING Oppenheimer Global Portfolio	23,486	27,993	(4,507)	20,002
ING PIMCO Total Return	64,181	146,371	(82,190)	64,909
ING T. Rowe Price Growth Equity	69,063	85,446	(16,383)	41,737
ING Van Kampen Comstock	110,622	149,344	(38,722)	34,539
ING Strategic Allocations Portfolios, Inc.:				
ING VP Strategic Allocation Balanced	52,777	175,992	(123,215)	13,323
ING VP Strategic Allocation Growth	12,379	14,335	(1,956)	2,250
ING VP Strategic Allocation Income	26,232	96,132	(69,900)	20,296
ING VP Natural Resources Trust	79,443	99,261	(19,818)	-

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	Year ended December 31,			
	2004			2003
	Net Increase (Decrease)	Units Issued	Units Redeemed	Net Units Issued (Redeemed)
ING Variable Portfolios, Inc.:				
ING VP Global Science and Technology	8,272	13,614	(5,342)	-
ING VP Index Plus LargeCap	60,176	100,471	(40,295)	24,260
ING VP Index Plus MidCap	124,388	161,255	(36,867)	38,815
ING VP Index Plus SmallCap	92,641	140,270	(47,629)	20,350
ING Variable Products Trust:				
ING VP Disciplined LargeCap	(3,619)	142,131	(145,750)	78,074
ING VP Financial Services	3,427	3,652	(225)	-
ING VP Growth Opportunities	(343,113)	15,942	(359,055)	(26,792)
ING VP Growth + Value	(2,210,865)	16,837	(2,227,702)	(245,058)
ING VP High Yield Bond	(74,449)	991,021	(1,065,470)	860,670
ING VP International Value	277,295	665,007	(387,712)	247,871
ING VP Index Plus MagnaCap	(4,634)	20,761	(25,395)	(93,951)
ING VP Index Plus MidCap Opportunities	5,696,200	6,333,364	(637,164)	49,340
ING VP Real Estate	68,661	93,185	(24,524)	-
ING VP Index Plus SmallCap Opportunities	(132,702)	38,273	(170,975)	(283,181)
Janus Aspen Series:				
Janus Aspen Growth	(356,943)	66,602	(423,545)	(291,638)
Janus Aspen International Growth	5,588	639,640	(634,052)	(40,906)
Janus Aspen Mid Cap Growth	(201,499)	52,847	(254,346)	(75,937)
Janus Aspen Worldwide Growth	(506,543)	81,946	(588,489)	(556,282)
Neuberger Berman Advisers Management Trust:				
Neuberger Berman AMT Limited Maturity Bond	(113,460)	83,551	(197,011)	(169,406)
Neuberger Berman AMT Partners	10,699	168,671	(157,972)	103,980
Neuberger Berman AMT Socially Responsive	32,241	50,657	(18,416)	50,507
PIMCO Advisors VIT:				
OpCap Equity	(80,842)	72,625	(153,467)	111,037
OpCap Global Equity	79,816	120,148	(40,332)	114,536
OpCap Managed	(629,671)	606,947	(1,236,618)	444,138
OpCap Small Cap	33,860	317,846	(283,986)	409,543
Real Return	71,540	164,492	(92,952)	-
Pioneer Variable Contracts Trust:				
Pioneer High Yield VCT	181,000	234,238	(53,238)	-
Wanger Advisors Trust:				
Wanger Select	88,350	90,021	(1,671)	-
Wanger U.S. Small Companies	36,460	37,943	(1,483)	-

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Notes to Financial Statements

7. Financial Highlights

A summary of unit values and units outstanding for variable annuity Contracts, expense ratios, excluding expenses of underlying Funds, investment income ratios, and total return for the years ended December 31, 2004, 2003, 2002 and 2001, along with units outstanding and unit values for the year ended December 31, 2000, follows:

Division	Investment					
	Units (000's)	Unit Fair Value	Net Assets (000's)	Income Ratio ^a	Expense Ratio ^b	Total Return ^c
AIM VI Dent Demographic Trends						
2004	1,339	\$5.07	\$ 6,791	- %	1.40%	6.74%
2003	1,338	\$4.75	6,357	-	1.40%	35.71%
2002	894	\$3.50	3,129	-	1.40%	-33.21%
2001	1,286	\$5.24	6,741	-	1.40%	-32.87%
2000	1,086	\$7.81	8,476	(a)	(a)	(a)
Alger American Growth						
2004	2,817	\$17.88	50,370	-	1.40%	4.01%
2003	3,115	\$17.19	53,542	-	1.40%	33.26%
2002	3,121	\$12.90	40,255	0.04	1.40%	-33.91%
2001	3,504	\$19.52	68,389	(23.00)	1.40%	-13.05%
2000	3,336	\$22.45	74,867	(a)	(a)	(a)
Alger American Leveraged AllCap						
2004	1,577	\$20.75	32,718	-	1.40%	6.68%
2003	1,759	\$19.45	34,205	-	1.40%	32.86%
2002	1,825	\$14.64	26,713	0.01	1.40%	-34.85%
2001	2,084	\$22.47	46,833	-	1.40%	-17.11%
2000	2,022	\$27.11	54,808	(a)	(a)	(a)
Alger American MidCap Growth						
2004	1,708	\$23.16	39,562	-	1.40%	11.45%
2003	1,839	\$20.78	38,212	-	1.40%	45.72%
2002	1,597	\$14.26	22,771	-	1.40%	-30.51%
2001	1,366	\$20.52	28,036	-	1.40%	-7.83%
2000	1,118	\$22.27	24,885	(a)	(a)	(a)

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Notes to Financial Statements

Division	Units (000's)	Unit Fair Value	Net Assets (000's)	Investment		Expense Ratio ^B	Total Return ^C
				Income	Ratio ^A		
Alger American Small Capitalization	2004	\$10.46	\$ 13,567	-	%	1.40%	14.95%
	2003	\$9.10	13,873	-		1.40%	40.43%
	2002	\$6.48	9,480	-		1.40%	-27.27%
	2001	\$8.91	12,855	(0.05)		1.40%	-30.50%
	2000	\$12.82	15,320	(a)		(a)	(a)
Fidelity® VIP Asset Manager SM	2004	\$17.05	1,962	2.88		1.40%	4.03%
	2003	\$16.39	2,279	3.72		1.40%	16.32%
	2002	\$14.09	2,725	4.30		1.40%	-10.03%
	2001	\$15.66	4,046	(4.54)		1.40%	-5.45%
	2000	\$16.56	5,338	(a)		(a)	(a)
Fidelity® VIP Asset Manager SM Growth	2004	\$16.68	19,066	2.32		1.40%	4.51%
	2003	\$15.96	19,314	2.75		1.40%	21.65%
	2002	\$13.12	15,979	2.59		1.40%	-16.70%
	2001	\$15.75	17,351	(2.90)		1.40%	-8.69%
	2000	\$17.25	18,808	(a)		(a)	(a)
Fidelity® VIP Contrafund®	2004	\$24.32	87,638	0.32		1.40%	13.86%
	2003	\$21.36	74,188	0.42		1.40%	26.69%
	2002	\$16.86	54,623	0.84		1.40%	-10.60%
	2001	\$18.86	66,502	(0.81)		1.40%	-13.47%
	2000	\$21.80	78,175	(a)		(a)	(a)
Fidelity® VIP Equity-Income	2004	\$20.42	67,588	1.47		1.40%	9.96%
	2003	\$18.57	59,666	1.56		1.40%	28.51%
	2002	\$14.45	39,755	1.60		1.40%	-18.08%
	2001	\$17.64	43,165	(1.58)		1.40%	-6.29%
	2000	\$18.83	38,836	(a)		(a)	(a)

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Division	Units (000's)	Unit Fair Value	Net Assets (000's)	Investment		Expense Ratio ^B	Total Return ^C
				Income	Ratio ^A		
Fidelity® VIP Growth							
2004	2,983	\$16.55	\$ 49,364	0.26	%	1.40%	1.97%
2003	3,196	\$16.23	51,875	0.26		1.40%	30.99%
2002	3,335	\$12.39	41,316	0.24		1.40%	-31.09%
2001	3,334	\$17.98	59,933	(0.08)		1.40%	-18.80%
2000	2,962	\$22.14	65,584	(a)		(a)	(a)
Fidelity® VIP Growth Opportunities							
2004	332	\$7.23	2,402	0.51		1.40%	5.70%
2003	342	\$6.84	2,339	0.67		1.40%	28.09%
2002	289	\$5.34	1,546	1.04		1.40%	-22.94%
2001	343	\$6.93	2,375	(0.38)		1.40%	-15.62%
2000	346	\$8.21	2,844	(a)		(a)	(a)
Fidelity® VIP Index 500							
2004	6,284	\$20.71	130,148	1.27		1.40%	9.11%
2003	6,480	\$18.98	122,998	1.38		1.40%	26.62%
2002	6,274	\$14.99	94,053	1.26		1.40%	-23.32%
2001	6,126	\$19.55	119,788	(1.13)		1.40%	-13.33%
2000	5,629	\$22.56	127,016	(a)		(a)	(a)
Fidelity® VIP Investment Grade Bond							
2004	1,902	\$13.36	25,415	4.12		1.40%	3.01%
2003	1,946	\$12.97	25,245	5.64		1.40%	3.76%
2002	2,005	\$12.50	25,056	3.06		1.40%	8.79%
2001	1,203	\$11.49	13,815	(3.42)		1.40%	6.95%
2000	490	\$10.74	5,262	(a)		(a)	(a)
Fidelity® VIP Money Market							
2004	1,120	\$12.62	14,311	1.15		1.40%	-0.16%
2003	1,566	\$12.64	20,008	1.20		1.40%	-0.39%
2002	4,122	\$12.69	52,518	1.65		1.40%	0.24%
2001	2,258	\$12.66	28,819	(3.91)		1.40%	2.74%
2000	1,270	\$12.32	15,592	(a)		(a)	(a)

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Notes to Financial Statements

Division	Units (000's)	Unit Fair Value	Net Assets (000's)	Investment Income Ratio ^A	Expense Ratio ^B	Total Return ^C
Fidelity® VIP Overseas						
2004	68	\$15.29	\$ 1,036	1.21 %	1.40%	12.01%
2003	82	\$13.65	1,113	0.79	1.40%	41.45%
2002	94	\$9.65	906	0.80	1.40%	-21.42%
2001	113	\$12.28	1,383	(5.60)	1.40%	-17.02%
2000	125	\$14.80	1,981	(a)	(a)	(a)
ING Julius Baer Foreign						
2004	169	\$11.67	1,968	(d)	1.40%	(d)
2003	(d)	(d)	(d)	(d)	(d)	(d)
2002	(d)	(d)	(d)	(d)	(d)	(d)
2001	(d)	(d)	(d)	(d)	(d)	(d)
2000	(d)	(d)	(d)	(d)	(d)	(d)
ING MFS Total Return						
2004	270	\$12.36	3,342	2.94	1.40%	9.57%
2003	35	\$11.28	396	(c)	1.40%	(c)
2002	(c)	(c)	(c)	(c)	(c)	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)
ING T. Rowe Price Equity Income						
2004	235	\$13.78	3,232	1.38	1.40%	13.32%
2003	45	\$12.16	549	(c)	1.40%	(c)
2002	(c)	(c)	(c)	(c)	(c)	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)
ING American Century Small Cap Value						
2004	66	\$16.04	1,059	0.31	1.40%	19.88%
2003	18	\$13.38	240	4.98	1.40%	33.93%
2002	-	\$9.99	1	(b)	1.40%	(b)
2001	(b)	(b)	(b)	(b)	(b)	(b)
2000	(b)	(b)	(b)	(b)	(b)	(b)

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Notes to Financial Statements

Division	Units (000's)	Unit Fair Value	Net Assets (000's)	Investment Income Ratio ^A	Expense Ratio ^B	Total Return ^C
ING Baron Small Cap Growth						
2004	51	\$16.73	\$ 856	- %	1.40%	26.55%
2003	25	\$13.22	333	-	1.40%	31.94%
2002	-	\$10.02	1	(b)	1.40%	(b)
2001	(b)	(b)	(b)	(b)	(b)	(b)
2000	(b)	(b)	(b)	(b)	(b)	(b)
ING JPMorgan Mid Cap Value						
2004	177	\$15.36	2,712	0.42	1.40%	19.25%
2003	47	\$12.88	609	(c)	1.40%	(c)
2002	(c)	(c)	(c)	(c)	(c)	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)
ING Oppenheimer Global Portfolio						
2004	43	\$14.98	651	-	1.40%	13.66%
2003	20	\$13.18	264	(c)	1.40%	(c)
2002	(c)	(c)	(c)	(c)	(c)	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)
ING PIMCO Total Return						
2004	129	\$10.70	1,381	-	1.40%	3.18%
2003	65	\$10.37	673	(c)	1.40%	(c)
2002	(c)	(c)	(c)	(c)	(c)	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)
ING T. Rowe Price Growth Equity						
2004	111	\$13.85	1,535	0.19	1.40%	8.46%
2003	42	\$12.77	533	(c)	1.40%	(c)
2002	(c)	(c)	(c)	(c)	(c)	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Notes to Financial Statements

Division	Units (000's)	Unit Fair Value	Net Assets (000's)	Investment		Expense Ratio ^B	Total Return ^C
				Income Ratio ^A			
ING Van Kampen Comstock							
2004	145	\$14.70	\$ 2,136	- %		1.40%	15.20%
2003	35	\$12.76	442	4.51		1.40%	28.11%
2002	-	\$9.96	1	(b)		1.40%	(b)
2001	(b)	(b)	(b)	(b)		(b)	(b)
2000	(b)	(b)	(b)	(b)		(b)	(b)
ING VP Strategic Allocation Balanced							
2004	66	\$12.79	845	1.20		1.40%	8.76%
2003	13	\$11.76	157	(c)		1.40%	(c)
2002	(c)	(c)	(c)	(c)		(c)	(c)
2001	(c)	(c)	(c)	(c)		(c)	(c)
2000	(c)	(c)	(c)	(c)		(c)	(c)
ING VP Strategic Allocation Growth							
2004	15	\$13.48	197	0.89		1.40%	10.40%
2003	2	\$12.21	27	(c)		1.40%	(c)
2002	(c)	(c)	(c)	(c)		(c)	(c)
2001	(c)	(c)	(c)	(c)		(c)	(c)
2000	(c)	(c)	(c)	(c)		(c)	(c)
ING VP Strategic Allocation Income							
2004	47	\$11.96	556	4.85		1.40%	6.50%
2003	20	\$11.23	228	(c)		1.40%	(c)
2002	(c)	(c)	(c)	(c)		(c)	(c)
2001	(c)	(c)	(c)	(c)		(c)	(c)
2000	(c)	(c)	(c)	(c)		(c)	(c)
ING VP Natural Resources Trust							
2004	79	\$11.89	945	(d)		1.40%	(d)
2003	(d)	(d)	(d)	(d)		(d)	(d)
2002	(d)	(d)	(d)	(d)		(d)	(d)
2001	(d)	(d)	(d)	(d)		(d)	(d)
2000	(d)	(d)	(d)	(d)		(d)	(d)

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Notes to Financial Statements

Division	Units (000's)	Unit Fair Value	Net Assets (000's)	Investment		Expense Ratio ^B	Total Return ^C
				Income Ratio ^A			
ING VP Global Science and Technology Portfolio							
2004	8	\$10.69	\$	88	(d)	1.40%	(d)
2003	(d)	(d)		(d)	(d)	(d)	(d)
2002	(d)	(d)		(d)	(d)	(d)	(d)
2001	(d)	(d)		(d)	(d)	(d)	(d)
2000	(d)	(d)		(d)	(d)	(d)	(d)
ING VP Index Plus LargeCap							
2004	84	\$13.43	1,134	1.12	1.12	1.40%	9.01%
2003	24	\$12.32	299	(c)	(c)	1.40%	(c)
2002	(c)	(c)	(c)	(c)	(c)	(c)	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)	(c)
ING VP Index Plus MidCap							
2004	163	\$14.95	2,440	0.34	0.34	1.40%	14.91%
2003	39	\$13.01	505	(c)	(c)	1.40%	(c)
2002	(c)	(c)	(c)	(c)	(c)	(c)	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)	(c)
ING VP Index Plus SmallCap							
2004	113	\$16.01	1,809	0.19	0.19	1.40%	20.38%
2003	20	\$13.30	271	(c)	(c)	1.40%	(c)
2002	(c)	(c)	(c)	(c)	(c)	(c)	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)	(c)
ING VP Disciplined LargeCap							
2004	570	\$9.94	5,670	1.22	1.22	1.40%	10.44%
2003	574	\$9.00	5,167	0.75	0.75	1.40%	23.46%
2002	496	\$7.29	3,616	0.92	0.92	1.40%	-23.18%
2001	1,219	\$9.49	11,574	(0.51)	(0.51)	1.40%	-13.46%
2000	1,544	\$10.97	16,939	(a)	(a)	(a)	(a)

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Notes to Financial Statements

Division	Units (000's)	Unit Fair Value	Investment			
			Net Assets (000's)	Income Ratio^	Expense Ratio^B	Total Return^C
ING VP Financial Services	3	\$11.11	\$ 38	(d) %	1.40%	(d)
2004	(d)	(d)	(d)	(d)	(d)	(d)
2003	(d)	(d)	(d)	(d)	(d)	(d)
2002	(d)	(d)	(d)	(d)	(d)	(d)
2001	(d)	(d)	(d)	(d)	(d)	(d)
2000	(d)	(d)	(d)	(d)	(d)	(d)
ING VP High Yield Bond	1,331	\$10.01	13,321	4.09	1.40%	6.49%
2004	1,405	\$9.40	13,210	7.10	1.40%	15.76%
2003	545	\$8.12	4,422	6.62	1.40%	-2.52%
2002	612	\$8.33	5,104	(9.58)	1.40%	-0.71%
2001	598	\$8.39	5,019	(a)	(a)	(a)
2000						
ING VP International Value	1,366	\$18.87	25,772	1.19	1.40%	15.77%
2004	1,088	\$16.30	17,742	1.46	1.40%	28.14%
2003	841	\$12.72	10,693	0.87	1.40%	-16.54%
2002	1,008	\$15.24	15,372	(1.55)	1.40%	-12.90%
2001	748	\$17.50	13,087	(a)	(a)	(a)
2000						
ING VP Index Plus MagnaCap	125	\$9.41	1,172	1.56	1.40%	7.54%
2004	129	\$8.75	1,130	0.83	1.40%	29.25%
2003	223	\$6.77	1,511	1.22	1.40%	-23.85%
2002	88	\$8.89	780	(1.40)	1.40%	-11.70%
2001	37	\$10.07	377	(a)	(a)	(a)
2000						
ING VP Index Plus MidCap Opportunities	5,981	\$6.44	38,521	-	1.40%	10.09%
2004	285	\$5.85	1,669	-	1.40%	34.79%
2003	236	\$4.34	1,024	-	1.40%	-26.94%
2002	224	\$5.94	1,330	-	1.40%	-33.86%
2001	111	\$8.98	1,001	(a)	(a)	(a)
2000						

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Notes to Financial Statements

	Division	Units (000's)	Unit Fair Value	Net Assets (000's)	Investment		Expense Ratio ^B	Total Return ^C
					Income Ratio ^A			
ING VP Real Estate								
2004		69	\$13.87	\$ 952	(d) %		1.40%	(d)
2003		(d)	(d)	(d)	(d)		(d)	(d)
2002		(d)	(d)	(d)	(d)		(d)	(d)
2001		(d)	(d)	(d)	(d)		(d)	(d)
2000		(d)	(d)	(d)	(d)		(d)	(d)
ING VP Index Plus SmallCap Opportunities								
2004		1,081	\$21.00	22,696	-		1.40%	8.64%
2003		1,213	\$19.33	23,457	-		1.40%	36.61%
2002		1,497	\$14.15	21,178	-		1.40%	-44.36%
2001		1,566	\$25.43	39,833	-		1.40%	-30.15%
2000		1,267	\$36.41	46,114	(a)		(a)	(a)
Janus Aspen Growth								
2004		2,401	\$11.67	28,025	0.14		1.40%	3.00%
2003		2,758	\$11.33	31,252	0.09		1.40%	29.93%
2002		3,050	\$8.72	26,596	-		1.40%	-27.51%
2001		3,682	\$12.03	44,303	(0.07)		1.40%	-25.79%
2000		3,579	\$16.21	58,033	(a)		(a)	(a)
Janus Aspen International Growth								
2004		1,485	\$14.29	21,227	0.90		1.40%	17.32%
2003		1,480	\$12.18	18,025	2.43		1.40%	32.97%
2002		1,521	\$9.16	13,930	0.80		1.40%	-26.60%
2001		1,550	\$12.48	19,344	(1.02)		1.40%	-24.31%
2000		1,071	\$16.49	17,658	(a)		(a)	(a)
Janus Aspen Mid Cap Growth								
2004		2,351	\$14.51	34,112	-		1.40%	19.03%
2003		2,552	\$12.19	31,114	-		1.40%	33.22%
2002		2,628	\$9.15	24,050	-		1.40%	-28.90%
2001		2,794	\$12.87	35,974	-		1.40%	-40.30%
2000		2,367	\$21.56	51,045	(a)		(a)	(a)

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Notes to Financial Statements

Division	Units (000's)	Unit Fair Value	Net Assets (000's)	Investment		Expense Ratio ^B	Total Return ^C
				Income	Ratio ^A		
Janus Aspen Worldwide Growth							
2004	4,364	\$11.90	\$ 51,930	0.98	%	1.40%	3.30%
2003	4,870	\$11.52	56,108	1.15		1.40%	22.29%
2002	5,426	\$9.42	51,116	0.85		1.40%	-26.58%
2001	6,418	\$12.83	82,310	(0.48)		1.40%	-23.52%
2000	6,065	\$16.77	101,705	(a)		(a)	(a)
Neuberger Berman AMT Limited Maturity Bond							
2004	982	\$12.37	12,146	3.49		1.40%	-0.64%
2003	1,095	\$12.45	13,637	4.49		1.40%	1.06%
2002	1,265	\$12.32	15,582	4.05		1.40%	3.88%
2001	929	\$11.86	11,025	(4.43)		1.40%	7.26%
2000	492	\$11.06	5,445	(a)		(a)	(a)
Neuberger Berman AMT Partners							
2004	1,390	\$12.43	17,275	0.01		1.40%	17.37%
2003	1,379	\$10.59	14,605	-		1.40%	33.21%
2002	1,275	\$7.95	10,137	0.51		1.40%	-25.21%
2001	1,295	\$10.63	13,771	(0.39)		1.40%	-4.19%
2000	1,239	\$11.09	13,749	(a)		(a)	(a)
Neuberger Berman AMT Socially Responsive							
2004	222	\$13.07	2,904	-		1.40%	11.71%
2003	190	\$11.70	2,222	-		1.40%	32.50%
2002	139	\$8.83	1,231	-		1.40%	-15.90%
2001	85	\$10.50	893	-		1.40%	-4.93%
2000	57	\$11.04	634	(a)		(a)	(a)
OpCap Equity							
2004	447	\$12.79	5,721	0.88		1.40%	10.35%
2003	528	\$11.59	6,121	1.11		1.40%	26.81%
2002	417	\$9.14	3,813	0.88		1.40%	-22.48%
2001	452	\$11.79	5,331	(0.53)		1.40%	-8.32%
2000	273	\$12.86	3,508	(a)		(a)	(a)

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Notes to Financial Statements

	Division	Units (000's)	Unit Fair Value	Net Assets (000's)	Investment		Expense Ratio ^B	Total Return ^C
					Income Ratio ^A			
OpCap Global Equity								
2004		384	\$13.56	\$ 5,205	0.47 %		1.40%	10.97%
2003		304	\$12.22	3,716	0.47		1.40%	29.72%
2002		190	\$9.42	1,785	0.41		1.40%	-18.58%
2001		147	\$11.57	1,698	-		1.40%	-15.03%
2000		109	\$13.61	1,479	(a)		(a)	(a)
OpCap Managed								
2004		1,550	\$12.02	18,632	1.66		1.40%	9.17%
2003		2,180	\$11.01	23,999	1.51		1.40%	20.07%
2002		1,736	\$9.17	15,916	1.66		1.40%	-18.05%
2001		1,405	\$11.19	15,718	(2.13)		1.40%	-6.24%
2000		1,202	\$11.93	14,338	(a)		(a)	(a)
OpCap Small Cap								
2004		1,775	\$16.99	30,151	0.04		1.40%	16.21%
2003		1,741	\$14.62	25,450	0.04		1.40%	40.71%
2002		1,331	\$10.39	13,832	0.06		1.40%	-22.75%
2001		926	\$13.45	12,457	(0.59)		1.40%	6.82%
2000		564	\$12.59	7,095	(a)		(a)	(a)
Real Return								
2004		72	\$10.77	770	(d)		1.40%	(d)
2003		(d)	(d)	(d)	(d)		(d)	(d)
2002		(d)	(d)	(d)	(d)		(d)	(d)
2001		(d)	(d)	(d)	(d)		(d)	(d)
2000		(d)	(d)	(d)	(d)		(d)	(d)
Pioneer High Yield VCT								
2004		181	\$10.64	1,926	(d)		1.40%	(d)
2003		(d)	(d)	(d)	(d)		(d)	(d)
2002		(d)	(d)	(d)	(d)		(d)	(d)
2001		(d)	(d)	(d)	(d)		(d)	(d)
2000		(d)	(d)	(d)	(d)		(d)	(d)

RELIASTAR LIFE INSURANCE COMPANY
SEPARATE ACCOUNT N
Notes to Financial Statements

Division	Units (000's)	Unit Fair Value	Net Assets (000's)	Investment		Expense Ratio ^B	Total Return ^C
				Income	Ratio ^A		
Wanger Select							
2004	88	\$11.40	\$ 1,007	(d)	%	1.40%	(d)
2003	(d)	(d)	(d)	(d)	(d)	(d)	(d)
2002	(d)	(d)	(d)	(d)	(d)	(d)	(d)
2001	(d)	(d)	(d)	(d)	(d)	(d)	(d)
2000	(d)	(d)	(d)	(d)	(d)	(d)	(d)
Wanger U.S. Small Companies							
2004	36	\$11.56	421	(d)	(d)	1.40%	(d)
2003	(d)	(d)	(d)	(d)	(d)	(d)	(d)
2002	(d)	(d)	(d)	(d)	(d)	(d)	(d)
2001	(d)	(d)	(d)	(d)	(d)	(d)	(d)
2000	(d)	(d)	(d)	(d)	(d)	(d)	(d)

(a) Not provided for 2000.

(b) As this investment Division was not available until 2002, this data is not meaningful and is therefore not presented.

(c) As this investment Division was not available until 2003, this data is not meaningful and is therefore not presented.

(d) As this investment Division was not available until 2004, this data is not meaningful and is therefore not presented.

- A** The Investment Income Ratio represents dividends received by the Division, excluding capital gains distributions, divided by the average net assets. The recognition of investment income is determined by the timing of the declaration of dividends by the underlying fund in which the Division invests.
- B** The Expense Ratio considers only the expenses borne directly by the Account and is equal to the mortality and expense charge and administrative charges, as defined in Note 3. Certain items in this table are presented as a range of minimum and maximum values; however, such information is calculated independently for each column in the table.
- C** Total Return is calculated as the change in unit value for each Contract presented in the Statements of Assets and Liabilities. Certain items in this table are presented as a range of minimum and maximum values; however, such information is calculated independently for each column in the table.

RELIASTAR LIFE INSURANCE COMPANY
Financial Statements – Statutory Basis
Years ended December 31, 2004 and 2003

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholder
ReliaStar Life Insurance Company

We have audited the accompanying statutory-basis balance sheets of ReliaStar Life Insurance Company (the "Company," and a wholly owned subsidiary of ING America Insurance Holdings, Inc.), as of December 31, 2004 and 2003, and the related statutory-basis statements of operations, changes in capital and surplus, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the Company presents its financial statements in conformity with accounting practices prescribed or permitted by the Minnesota Department of Commerce, Division of Insurance ("Minnesota Division of Insurance"), which practices differ from U.S. generally accepted accounting principles. The variances between such practices and U.S. generally accepted accounting principles and the effects on the accompanying financial statements are described in Note 1. The effects on the financial statements of these variances are not reasonably determinable but are presumed to be material.

In our opinion, because of the effects of the matter described in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of ReliaStar Life Insurance Company at December 31, 2004 and 2003, or the results of its operations or its cash flows for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ReliaStar Life Insurance Company at December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with accounting practices prescribed or permitted by the Minnesota Division of Insurance.

/s/ Ernst & Young LLP

Atlanta, Georgia
April 5, 2005

RELIASTAR LIFE INSURANCE COMPANY
Balance Sheets - Statutory Basis

	December 31	
	2004	2003
	<i>(In Thousands)</i>	
Admitted assets		
Cash and invested assets:		
Bonds	\$ 12,704,457	\$ 12,084,537
Preferred stocks	50,508	44,479
Common stocks	1,243	1,072
Subsidiaries	312,928	318,350
Mortgage loans	2,231,587	2,169,371
Real estate, less accumulated depreciation (2004 - \$99,733; 2003 - \$98,185)	93,582	98,913
Contract loans	663,678	671,241
Other invested assets	310,879	191,167
Cash and short-term investments	181,389	74,739
Total cash and invested assets	16,550,251	15,653,869
Deferred and uncollected premiums, less loading (2004-\$20,953; 2003-\$20,115)	130,108	160,726
Accrued investment income	156,443	144,744
Reinsurance balances recoverable	164,607	151,965
Data processing equipment, less accumulated depreciation (2004-\$52,805; 2003-\$63,702)	492	1,571
Indebtedness from related parties	5,706	2,267
Federal income tax recoverable (including \$90,451 and \$88,815 net deferred tax assets at December 31, 2004 and 2003, respectively)	105,000	88,815
Separate account assets	4,386,414	4,368,512
Other assets	25,149	8,960
Total admitted assets	<u>\$ 21,524,170</u>	<u>\$ 20,581,429</u>

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
Balance Sheets - Statutory Basis

	December 31	
	2004	2003
	<i>(In Thousands, except share amounts)</i>	
Liabilities and capital and surplus		
Liabilities:		
Policy and contract liabilities:		
Life and annuity reserves	\$ 12,440,023	\$ 11,611,490
Accident and health reserves	1,162,954	1,113,314
Deposit type contracts	625,919	693,225
Policyholders' funds	958	802
Dividends left on deposit	16	307
Dividends payable	12,575	15,010
Unpaid claims	410,469	440,749
Total policy and contract liabilities	14,652,914	13,874,897
Interest maintenance reserve	62,026	47,042
Accounts payable and accrued expenses	136,965	150,927
Reinsurance balances due	97,491	95,736
Indebtedness to related parties	25,935	57,383
Contingency reserve	38,038	39,790
Asset valuation reserve	127,226	105,622
Borrowed money	576,613	415,041
Separate account transfers	(257,459)	(269,816)
Other liabilities	147,024	135,552
Separate account liabilities	4,378,905	4,360,753
Total liabilities	19,985,678	19,012,927
Capital and surplus:		
Common stock: authorized 25,000,000 shares of \$1.25 par value;		
2,000,000 shares issued and outstanding	2,500	2,500
Preferred capital stock	100	100
Surplus note	100,000	100,000
Paid-in and contributed surplus	1,272,125	1,272,125
Unassigned surplus	163,867	193,877
Preferred capital stock, less treasury stock, at December 31, 2004 and 2003	(100)	(100)
Total capital and surplus	1,538,492	1,568,502
Total liabilities and capital and surplus	\$ 21,524,170	\$ 20,581,429

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
Statements of Operations - Statutory Basis

	Year ended December 31	
	2004	2003
	<i>(In Thousands)</i>	
Premiums and other revenues:		
Life, annuity, and accident and health premiums	\$ 3,313,755	\$ 3,114,621
Policy proceeds and dividends left on deposit	1,899	1,087
Net investment income	931,789	921,050
Amortization of interest maintenance reserve	4,496	(10,719)
Commissions, expense allowances and reserve adjustments on reinsurance ceded	68,098	70,894
Miscellaneous income	172,511	179,612
Total premiums and other revenues	4,492,548	4,276,545
Benefits paid or provided:		
Death benefits	847,563	798,873
Annuity benefits	142,637	163,286
Surrender benefits	1,522,230	1,435,730
Interest on policy or contract funds	28,685	5,614
Accident and health benefits	399,156	379,273
Other benefits	6,051	4,395
Increase in life, annuity and accident and health reserves	746,086	688,720
Net transfers from separate accounts	(200,390)	(179,705)
Total benefits paid or provided	3,492,018	3,296,186
Insurance expenses:		
Commissions	346,012	299,845
General expenses	331,688	330,682
Insurance taxes, licenses and fees, excluding federal income taxes	43,363	37,851
Miscellaneous expenses	16,962	(588)
Total insurance expenses	738,025	667,790
Gain from operations before policyholder dividends, federal income taxes and net realized capital losses	262,505	312,569
Dividends to policyholders	17,494	20,975
Gain from operations before federal income taxes and net realized capital losses	245,011	291,594
Federal income tax expense	34,491	58,198
Gain from operations before net realized capital losses	210,520	233,396
Net realized capital losses, net of income tax benefit: 2004 - \$21,183 and 2003 - \$2,659; and excluding net transfers to the interest maintenance reserve 2004 - \$19,480 and 2003- \$26,415	(24,997)	(13,739)
Net income	\$ 185,523	\$ 219,657

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
Statements of Changes in Capital and Surplus - Statutory Basis

	Year ended December 31	
	2004	2003
	<i>(In Thousands)</i>	
Common stock:		
Balance at beginning and end of year	\$ 2,500	\$ 2,500
Preferred capital stock less treasury stock:		
Balance at beginning and end of year	-	-
Surplus note:		
Balance of beginning and end of year	100,000	100,000
Paid-in and contributed surplus:		
Balance at beginning of year	1,272,125	1,272,125
Unassigned surplus:		
Balance at beginning of year	193,877	(17,000)
Net income	185,523	219,657
Change in net unrealized capital gains and losses	26,860	46,662
Change in nonadmitted assets	(2,755)	13,158
Change in liability for reinsurance in unauthorized companies	7,016	(4,424)
Change in asset valuation reserve	(21,604)	(31,792)
Change in reserve on account of change in valuation basis	-	6,987
Other changes in surplus in separate account statement	1,078	2,538
Change in net deferred income tax	3,432	(39,162)
Change in surplus as a result of reinsurance	(2,237)	(5,719)
Dividends to stockholder	(220,000)	(2,000)
Additional minimum pension liability	(9,323)	-
Other changes	2,000	4,972
Balance at end of year	163,867	193,877
Total capital and surplus	\$ 1,538,492	\$ 1,568,502

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY
Statements of Cash Flows - Statutory Basis

	Year ended December 31	
	2004	2003
	<i>(In Thousands)</i>	
Operations		
Premiums, policy proceeds, and other considerations received, net of reinsurance paid	\$ 3,355,022	\$ 2,815,933
Net investment income received	1,007,258	1,108,729
Commission, expenses paid and miscellaneous expenses	(790,086)	(620,354)
Benefits paid	(2,921,144)	(2,629,668)
Net transfers from separate accounts	198,417	139,817
Dividends paid to policyholders	(20,220)	(22,680)
Federal income taxes paid	(102,973)	(138,342)
Other revenues	291,086	261,508
Net cash provided by operations	1,017,360	914,943
Investment activities		
Proceeds from sales, maturities, or repayments of investments:		
Bonds	13,174,427	14,661,328
Stocks	3,014	33,828
Mortgage loans	261,420	216,855
Real estate	2,869	260
Other invested assets	40,585	20,579
Net (loss) gain on cash and short-term investments	(21,542)	871
Miscellaneous proceeds	38,761	749
Net proceeds from sales, maturities, or repayments of investments	13,499,534	14,934,470
Cost of investments acquired:		
Bonds	13,867,680	15,357,341
Stocks	7,442	2,208
Mortgage loans	318,843	454,559
Real estate	713	754
Other invested assets	194,964	33,050
Miscellaneous applications	2,813	52,050
Total cost of investments acquired	14,392,455	15,899,962
Net change in contract loans	(7,563)	(8,163)
Net cash used in investment activities	(885,358)	(957,329)
Financing and miscellaneous activities		
Cash provided (used):		
Borrowed money	161,556	(69,041)
Net deposits on deposit-type contract funds	74,775	49,832
Dividends to stockholder	(220,000)	-
Other uses	(41,683)	(4,690)
Net cash used in financing and miscellaneous activities	(25,352)	(23,899)
Net change in cash and short-term investments	106,650	(66,285)
Cash and short-term investments:		
Beginning of year	74,739	141,024
End of year	\$ 181,389	\$ 74,739

The accompanying notes are an integral part of these financial statements.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

1. Nature of Operations and Significant Accounting Policies

ReliaStar Life Insurance Company (the "Company") is domiciled in Minnesota and is a wholly owned subsidiary of Lion Connecticut Holdings, Inc. ("Lion"), a Connecticut holding and management company. Lion, in turn, is a wholly owned subsidiary of ING America Insurance Holdings, Inc. ("ING AIH"). ING AIH's ultimate parent is ING Groep, N.V. ("ING"), a global financial services company based in The Netherlands. The Company is principally engaged in the business of providing individual life insurance and annuities, employee benefit products and services, retirement plans, and life and health reinsurance. The Company is presently licensed in all states (approved for reinsurance only in New York), the District of Columbia, Guam, Puerto Rico and Canada.

An affiliate, Security-Connecticut Life Insurance Company ("Security-Connecticut"), merged with and into the Company on October 1, 2003. The transaction was approved by the Minnesota Department of Commerce, Division of Insurance ("Minnesota Division of Insurance") and was accounted for as a statutory merger. No consideration was paid and no common stock was issued in exchange for all of the common shares of Security-Connecticut. The accompanying financial statements have been restated as though the merger took place prior to all periods presented. Pre-merger separate company revenue, net income, and other surplus adjustments for the nine months ended September 30, 2003 were \$2,626,600, \$87,900,000 and \$72,900,000, respectively, for the Company and \$272,800,000, \$17,600,000 and (\$2,500,000), respectively, for Security-Connecticut.

Basis of Presentation

The preparation of financial statements of insurance companies requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

The accompanying financial statements of the Company have been prepared in conformity with accounting practices prescribed or permitted by the Minnesota Division of Insurance, which practices differ from U.S. generally accepted accounting principles ("GAAP"). The most significant variances from GAAP are as follows:

Investments: Investments in bonds and mandatorily redeemable preferred stocks are reported at amortized cost or market value based on the National Association of Insurance Commissioners ("NAIC") rating; for GAAP, such fixed maturity investments are designated at purchase as held-to-maturity, trading or available-for-sale. Held-to-maturity investments are reported at amortized cost, and the remaining fixed maturity investments are reported at fair value with unrealized capital gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income in stockholder's equity for those designated as available-for-sale.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

In addition, the Company invests in structured securities, including mortgage-backed securities/collateralized mortgage obligations, asset-backed securities, collateralized debt obligations, and commercial mortgage-backed securities. For these structured securities, management compares the undiscounted cash flows to the carrying value. An other than temporary impairment is considered to have occurred when the undiscounted cash flows are less than the carrying value.

For structured securities, when a negative yield results from a revaluation based on new prepayment assumptions (i.e., undiscounted cash flows are less than current book value), an other than temporary impairment is considered to have occurred and the asset is written down to the value of the undiscounted cash flows. For GAAP, assets are re-evaluated based on the discounted cash flows using a current market rate. Impairments are recognized when there has been an adverse change in cash flows and the fair value is less than book value. The asset is then written down to fair value. When a decline in fair value is determined to be other than temporary, the individual security is written down to fair value and the loss is accounted for as a realized loss.

Investments in real estate are reported net of related obligations rather than on a gross basis. Real estate owned and occupied by the Company is included in investments rather than reported as an operating asset as under GAAP, and investment income and operating expenses include rent for the Company's occupancy of these properties. Changes between depreciated cost and admitted asset investment amounts are credited or charged directly to unassigned surplus rather than income as would be required under GAAP.

Statement of Statutory Accounting Principles ("SSAP") No. 31, *Derivative Instruments*, applies to derivative transactions prior to January 1, 2003. The Company also follows the hedge accounting guidance in SSAP No. 86, *Accounting for Derivative Instruments and Hedging*, for derivative transactions entered into or modified on or after January 1, 2003. Under this guidance, derivatives that are deemed effective hedges are accounted for in a manner which is consistent with the underlying hedged item. Derivatives used in hedging transactions that do not meet the requirements of SSAP No. 86 as an effective hedge are carried at fair value with the change in value recorded in surplus as unrealized gains or losses. Embedded derivatives are not accounted for separately from the host contract. Under GAAP, the effective and ineffective portions of a single hedge are accounted for separately. An embedded derivative within a contract that is not clearly and closely related to the economic characteristics and risk of the host contract is accounted for separately from the host contract and valued and reported at fair value, and the change in fair value for cash flow hedges is credited or charged directly to a separate component of stockholders' equity rather than to income as required for fair value hedges.

Redeemable preferred stocks rated as high quality or better are reported at cost or amortized cost. All other redeemable preferred stocks are reported at the lower of cost, amortized cost, or market value and nonredeemable preferred stocks are reported at market value or the lower of cost or market value as determined by the Securities Valuation Office of the NAIC ("SVO").

RELIASTAR Life Insurance Company

Notes to Financial Statements – Statutory Basis

Common stocks are reported at market value as determined by the SVO and the related unrealized capital gains/losses are reported in unassigned surplus along with the related adjustment for federal income taxes.

Valuation Reserves: The asset valuation reserve ("AVR") is determined by an NAIC-prescribed formula and is reported as a liability rather than as a valuation allowance or an appropriation of surplus. The change in AVR is reported directly to unassigned surplus.

Under a formula prescribed by the NAIC, the Company defers the portion of realized gains and losses on sales of fixed-income investments, principally bonds and mortgage loans, attributable to changes in the general level of interest rates, and amortizes those deferrals over the remaining period to maturity based on groupings of individual securities sold in five-year bands. The net deferral or interest maintenance reserve ("IMR") is reported as a liability in the accompanying balance sheets.

Realized gains and losses on investments are reported in operations net of federal income tax and transfers to the IMR. Under GAAP, realized capital gains and losses are reported in the statements of operations on a pretax basis in the period that the asset giving rise to the gain or loss is sold and valuation allowances are provided when there has been a decline in value deemed other than temporary, in which case the provision for such declines is charged to income.

Valuation allowances, if necessary, are established for mortgage loans based on the difference between the net value of the collateral, determined as the fair value of the collateral less estimated costs to obtain and sell, and the recorded investment in the mortgage loan. Under GAAP, such allowances are based on the present value of expected future cash flows discounted at the loan's effective interest rate or, if foreclosure is probable, on the estimated fair value of the collateral.

The initial valuation allowance and subsequent changes in the allowance for mortgage loans as a result of a temporary impairment are charged or credited directly to unassigned surplus, rather than being included as a component of earnings as would be required under GAAP.

Policy Acquisition Costs: The costs of acquiring and renewing business are expensed when incurred. Under GAAP, acquisition costs related to traditional life insurance, to the extent recoverable from future policy revenues, are deferred and amortized over the premium-paying period of the related policies using assumptions consistent with those used in computing policy benefit reserves. For universal life insurance and investment products, to the extent recoverable from future gross profits, acquisition costs are amortized generally in proportion to the present value of expected gross margins from surrender charges and investment, mortality, and expense margins.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

Premiums: Life premiums are recognized as revenue when due. Premiums for annuity policies with mortality and morbidity risk, except for guaranteed interest and group annuity contracts, are also recognized as revenue when due. Premiums received for annuity policies without mortality or morbidity risk and for guaranteed interest and group annuity contracts are recorded using deposit accounting.

Under GAAP, premiums for traditional life insurance products, which include those products with fixed and guaranteed premiums and benefits and consist primarily of whole life insurance policies, are recognized as revenue when due. Group insurance premiums are recognized as premium revenue over the time period to which the premiums relate. Revenues for universal life, annuities and guaranteed interest contracts consist of policy charges for the cost of insurance, policy administration charges, amortization of policy initiation fees and surrender charges assessed during the period.

Benefit and Contract Reserves: Life policy and contract reserves under statutory accounting practices are calculated based upon both the net level premium and Commissioners' Reserve Valuation methods using statutory rates for mortality and interest. GAAP requires that policy reserves for traditional products be based upon the net level premium method utilizing reasonably conservative estimates of mortality, interest, and withdrawals prevailing when the policies were sold. For interest-sensitive products, the GAAP policy reserve is equal to the policy fund balance plus an unearned revenue reserve which reflects the unamortized balance of early year policy loads over renewal year policy loads.

Reinsurance: For business ceded to unauthorized reinsurers, statutory accounting practices require that reinsurance credits permitted by the treaty be recorded as an offsetting liability and charged against unassigned surplus. Under GAAP, an allowance for amounts deemed uncollectible would be established through a charge to earnings. Statutory income recognized on certain reinsurance treaties representing financing arrangements is not recognized on a GAAP basis.

Policy and contract liabilities ceded to reinsurers have been reported as reductions of the related reserves rather than as assets as required under GAAP.

Commissions allowed by reinsurers on business ceded are reported as income when received rather than being deferred and amortized with deferred policy acquisition costs as required under GAAP.

Subsidiaries: The accounts and operations of the Company's subsidiaries are not consolidated with the accounts and operations of the Company as would be required under GAAP.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

Nonadmitted Assets: Certain assets designated as "nonadmitted," principally deferred federal income tax assets, disallowed interest maintenance reserves, non-operating software, past-due agents' balances, furniture and equipment, intangible assets, and other assets not specifically identified as an admitted asset within the NAIC *Accounting Practices and Procedures Manual* are excluded from the accompanying balance sheets and are charged directly to unassigned surplus.

Employee Benefits: For purposes of calculating the Company's postretirement benefit obligation, only vested participants and current retirees are included in the valuation. Under GAAP, active participants not currently vested are also included.

Universal Life and Annuity Policies: Revenues for universal life and annuity policies consist of the entire premium received and benefits incurred represent the total of death benefits paid and the change in policy reserves. Under GAAP, premiums received in excess of policy charges would not be recognized as premium revenue and benefits would represent the excess of benefits paid over the policy account value and interest credited to the account values.

Policyholder Dividends: Policyholder dividends are recognized when declared rather than over the term of the related policies.

Deferred Income Taxes: Deferred tax assets are provided for and admitted to an amount determined under a standard formula. This formula considers the amount of differences that will reverse in the subsequent year, taxes paid in prior years that could be recovered through carrybacks, surplus limits and the amount of deferred tax liabilities available for offset. Any deferred tax assets not covered under the formula are nonadmitted. Deferred taxes do not include any amounts for state taxes. Under GAAP, a deferred tax asset is recorded for the amount of gross deferred tax assets that are expected to be realized in future years and a valuation allowance is established for the portion that is not realizable.

Surplus Notes: Surplus notes are reported as a component of surplus. Under statutory accounting practices, no interest is recorded on the surplus notes until payment has been approved by the Minnesota Division of Insurance. Under GAAP, surplus notes are reported as liabilities and the related interest is reported as a charge to earnings over the term of the note.

Statements of Cash Flows: Cash and short-term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

Participation Fund Account

On January 3, 1989, the Minnesota Division of Insurance approved a Plan of Conversion and Reorganization ("the Plan"), which provided, among other things, for the conversion of the Company from a combined stock and mutual life insurance company to a stock life insurance company.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

The Plan provided for the establishment of a Participation Fund Account ("PFA") for the benefit of certain participating individual life insurance policies and annuities issued by the Company prior to the effective date of the Plan. Under the terms of the PFA, the insurance liabilities and assets (approximately \$305,927,000 as of December 31, 2004) with respect to such policies are included in the Company's financial statements but are segregated in the accounting records of the Company to assure the continuation of policyholder dividend practices.

Reconciliation to GAAP

The effects of the preceding variances from GAAP on the accompanying statutory basis financial statements have not been determined, but are presumed to be material.

Other significant accounting practices are as follows:

Investments

Investments are stated at values prescribed by the NAIC, as follows:

Bonds not backed by other loans are principally stated at amortized cost using the interest method.

Single class and multi-class mortgage backed/asset backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal estimates and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities except for higher risk asset backed securities, which are valued using the prospective method. The Company has elected to use the book value as of January 1, 1994 as the cost for applying the retrospective method to securities purchased prior to that date where historical cash flows are not readily available.

Redeemable preferred stocks rated as high quality or better are reported at cost or amortized cost. All other redeemable preferred stocks are reported at the lower of cost, amortized cost, or market value and nonredeemable preferred stocks are reported at market value or the lower of cost or market value as determined by the SVO.

Common stocks are reported at market value as determined by the SVO and the related unrealized capital gains/losses are reported in unassigned surplus along with the adjustment for federal income taxes.

The Company analyzes the general account investments to determine whether there has been an other than temporary decline in fair value below the amortized cost basis. Management considers the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer,

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

future economic conditions and market forecasts, and the Company's intent and ability to retain the investment in the issuer for a period of time sufficient to allow for recovery in market value. If it is probable that all amounts due according to the contractual terms of a debt security will not be collected, an other than temporary impairment is considered to have occurred.

The Company uses derivatives such as interest rate swaps, caps and floors, forwards and options as part of its overall interest rate risk management strategy for certain life insurance and annuity products. As the Company only uses derivatives for hedging purposes, the Company values all derivative instruments on a consistent basis with the hedged item. Upon termination, gains and losses on those instruments are included in the carrying values of the underlying hedged items and are amortized over the remaining lives of the hedged items as adjustments to investment income or benefits from the hedged items. Any unamortized gains or losses are recognized when the underlying hedged items are sold.

Interest rate swap contracts are used to convert the interest rate characteristics (fixed or variable) of certain investments to match those of the related insurance liabilities that the investments are supporting. The net interest effect of such swap transactions is reported as an adjustment of interest income from the hedged items as incurred.

Interest rate caps and floors are used to limit the effects of changing interest rates on yields of variable rate or short-term assets or liabilities. The initial cost of any such agreement is amortized to net investment income over the life of the agreement. Periodic payments that are receivable as a result of the agreements are accrued as an adjustment of interest income or benefits from the hedged items.

All derivatives are reported at amortized cost with the exception of S&P Options. S&P Options are reported at fair value since the liabilities that are being hedged are reported at fair value. The unrealized gains or losses from S&P Options are reported in investment income. Upon termination of a derivative that qualified for hedge accounting, the gain or loss is deferred in IMR or adjusts the basis of the hedged item.

The Company's insurance subsidiaries are reported at their underlying statutory basis net assets, and the Company's noninsurance subsidiaries are reported at the GAAP-basis of their net assets. Dividends from subsidiaries are included in net investment income. The total net change in the subsidiaries' equity is included in the change in net unrealized capital gains or losses.

Mortgage loans are reported at amortized cost, less allowance for impairments.

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

Contract loans are reported at unpaid principal balances.

Land is reported at cost. Real estate occupied by the Company is reported at depreciated cost; other real estate is reported at the lower of depreciated cost or fair value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties.

For reverse repurchase agreements, Company policies require a minimum of 102% of the fair value of securities purchased under reverse repurchase agreements to be maintained as collateral. Cash collateral received is invested in short-term investments and the offsetting collateral liability is included in miscellaneous liabilities.

Reverse dollar repurchase agreements are accounted for as collateral borrowings, where the amount borrowed is equal to the sales price of the underlying securities.

The Company engages in securities lending whereby certain domestic bonds from its portfolio are loaned to other institutions for short periods of time. Collateral, primarily cash, which is in excess of the market value of the loaned securities, is deposited by the borrower with a lending agent, and retained and invested by the lending agent to generate additional income for the Company. The Company does not have access to the collateral. The Company's policy requires a minimum of 102% of the fair value of securities loaned to be maintained as collateral. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value fluctuates. At December 31, 2004 and 2003, the Company had loaned securities (which are reflected as invested assets on the balance sheets) with a market value of approximately \$153,596,000 and \$21,819,000, respectively.

Short-term investments are reported at amortized cost. Short-term investments include investments with maturities of less than one year at the date of acquisition.

Partnership interests, which are included in other invested assets on the balance sheets, are reported at the underlying audited GAAP equity of the investee.

Residual collateralized mortgage obligations, which are included in other invested assets on the balance sheets, are reported at amortized cost using the effective interest method.

Realized capital gains and losses are determined using the first-in first-out method.

Cash on hand includes cash equivalents. Cash equivalents are short-term investments that are both readily convertible to cash and have an original maturity date of three months or less.

RELIASTAR Life Insurance Company

Notes to Financial Statements – Statutory Basis

Aggregate Reserve for Life Policies and Contracts

Life, annuity, and accident and health reserves are developed by actuarial methods and are determined based on published tables using statutorily specified interest rates and valuation methods that will provide, in the aggregate, reserves that are greater than or equal to the minimum or guaranteed policy cash value or the amounts required by law. Interest rates range from 2.0% to 13.25%.

The Company waives the deduction of deferred fractional premiums upon the death of the insured. It is the Company's practice to return a pro rata portion of any premium paid beyond the policy month of death, although it is not contractually required to do so for certain issues.

The methods used in the valuation of substandard policies are as follows:

For life, endowment and term policies issued substandard, the standard reserve during the premium-paying period is increased by 50% of the gross annual extra premium. Standard reserves are held on Paid-Up Limited Pay contracts.

For reinsurance accepted with table rating, the reserve established is a multiple of the standard reserve corresponding to the table rating. For reinsurance with flat extra premiums, the standard reserve is increased by 50% of the flat extra.

The amount of insurance in force for which the gross premiums are less than the net premiums, according to the standard of valuation required by the Minnesota Division of Insurance, is \$16,766,849,000 and \$17,079,672,000 at December 31, 2004 and December 31, 2003, respectively. The amount of premium deficiency reserves for policies on which gross premiums are less than the net premiums is \$519,815,000 and \$340,363,000 at December 31, 2004 and December 31, 2003, respectively.

The Company anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 54, *Individual and Group Accident and Health Contracts*.

The tabular interest has been determined from the basic data for the calculation of policy reserves for all direct ordinary life insurance and for the portion of group life insurance classified as group Section 79. The method of determination of tabular interest of funds not involving life contingencies is as follows: current year reserves, plus payments, less prior year reserves, less funds added.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

Reinsurance

Reinsurance premiums, commissions, expense reimbursements, and reserves related to reinsured business are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Reserves are based on the terms of the reinsurance contracts and are consistent with the risks assumed. Premiums and benefits ceded to other companies have been reported as a reduction of premium revenue and benefits expense. Amounts applicable to reinsurance ceded for reserves and unpaid claim liabilities have been reported as reductions of these items, and expense allowances received in connection with reinsurance ceded have been reflected in operations.

Real Estate and Electronic Data Processing Equipment

Electronic data processing equipment is carried at cost less accumulated depreciation. Depreciation for major classes of assets is calculated on a straight-line basis over the estimated useful life of the assets.

Participating Insurance

Participating business approximates less than 1.0% of the Company's ordinary life insurance in force and 7.6% of premium income. The amount of dividends to be paid is determined annually by the Board of Directors. Amounts allocable to participating policyholders are based on published dividend projections or expected dividend scales. Dividend expense of \$17,494,000 and \$20,975,000 was incurred in 2004 and 2003, respectively.

Pension Plans

The Company provides noncontributory retirement plans for substantially all employees and certain agents. Pension costs are charged to operations as contributions are made to the plan. The Company also provides a contributory retirement plan for substantially all employees.

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

Nonadmitted Assets

Nonadmitted assets are summarized as follows:

	December 31	
	2004	2003
	<i>(In Thousands)</i>	
Bonds	\$ 6,500	\$ 2,034
Deferred and uncollected premium	3,295	4,441
Net deferred tax asset	224,538	229,550
Electronic data processing equipment and software	844	3,292
Furniture and equipment	4,994	7,489
Health care and other amounts receivable	1,630	1,439
Aggregate write-ins for other than invested assets	7,282	7,138
Other	15,868	6,813
Total nonadmitted assets	<u>\$ 264,951</u>	<u>\$ 262,196</u>

Changes in nonadmitted assets are generally reported directly in surplus as an increase or decrease in nonadmitted assets.

Claims and Claims Adjustment Expenses

Claims expenses represent the estimated ultimate net cost of all reported and unreported claims incurred through December 31, 2004. The Company does not discount claims and claims adjustment expense reserves. Such estimates are based on actuarial projections applied to historical claims payment data. Such liabilities are considered to be reasonable and adequate to discharge the Company's obligations for claims incurred but unpaid as of December 31, 2004.

Cash Flow Information

Cash and short-term investments include cash on hand, demand deposits and short-term fixed maturity instruments with a maturity of less than one year at the date of acquisition.

Separate Accounts

Most separate account assets and liabilities held by the Company represent funds held for the benefit of the Company's variable life and annuity policy and contract holders who bear all of the investment risk associated with the policies. Such policies are of a non-guaranteed nature. All net investment experience, positive or negative, is attributed to the policy and contract holders' account values. The assets of these accounts are carried at fair value.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

Certain other separate accounts relate to experience-rated group annuity contracts that fund defined contribution pension plans. These contracts provide guaranteed interest returns for one year only, where the guaranteed interest rate is re-established each year based on the investment experience of the separate account. In no event can the interest rate be less than zero. The assets and liabilities of these separate accounts are carried at book value.

Reserves related to the Company's mortality risk associated with these policies are included in life and annuity reserves. These reserves include reserves for guaranteed minimum death benefits (before reinsurance) that totaled \$14.3 million and \$21.3 million at December 31, 2004 and 2003, respectively. The operations of the separate accounts are not included in the accompanying statements of operations.

Reclassifications

Certain prior year amounts in the Company's statutory basis financial statements have been reclassified to conform to the 2004 financial statement presentation.

2. Permitted Statutory Basis Accounting Practices

The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Minnesota Division of Insurance. The Minnesota Division of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Minnesota for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under the Minnesota Insurance Laws. The NAIC *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the state of Minnesota. The Commissioner of Commerce has the right to permit other specific practices that deviate from prescribed practices.

The Company is required to identify those significant accounting practices that are permitted, and obtain written approval of the practices from the Minnesota Division of Insurance. As of December 31, 2004 and 2003, the Company had no such permitted accounting practices.

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

3. Investments

The amortized cost and fair value of bonds and equity securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
At December 31, 2004:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 138,912	\$ 1,460	\$ 1,903	\$ 138,469
States, municipalities, and political subdivisions	18,144	571	118	18,597
Foreign government	213,994	19,516	863	232,647
Foreign other	1,418,206	59,430	7,563	1,470,073
Public utilities securities	1,184,139	65,415	3,612	1,245,942
Corporate securities	4,552,939	212,062	17,346	4,747,655
Residential-backed securities	3,284,512	41,525	50,488	3,275,549
Commercial mortgage-backed securities	807,576	30,971	2,448	836,099
Other asset-backed securities	1,093,041	29,460	15,423	1,107,078
Total fixed maturities	12,711,463	460,410	99,764	13,072,109
Preferred stocks	50,508	413	-	50,921
Common stocks	900	442	99	1,243
Total equity securities	51,408	855	99	52,164
Total	\$ 12,762,871	\$ 461,265	\$ 99,863	\$ 13,124,273

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	<i>(In Thousands)</i>			
At December 31, 2003:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 291,926	\$ 716	\$ 2,601	\$ 290,041
States, municipalities, and political subdivisions	19,685	594	303	19,976
Foreign government	206,351	19,965	320	225,996
Foreign other	1,016,479	53,285	14,258	1,055,506
Public utilities securities	965,279	65,016	5,597	1,024,698
Corporate securities	4,876,884	278,679	32,599	5,122,964
Residential-backed securities	2,998,019	62,076	43,204	3,016,891
Commercial mortgage-backed securities	618,813	40,864	1,844	657,833
Other asset-backed securities	1,097,221	41,266	26,330	1,112,157
Total fixed maturities	12,090,657	562,461	127,056	12,526,062
Preferred stocks	44,624	67	704	43,987
Common stocks	900	282	110	1,072
Total equity securities	45,524	349	814	45,059
Total	\$ 12,136,181	\$ 562,810	\$ 127,870	\$ 12,571,121

Reconciliation of bonds from amortized cost to carrying value as of December 31, 2004 and 2003 is as follows:

	December 31	
	2004	2003
	<i>(In Thousands)</i>	
Amortized cost	\$ 12,711,463	\$ 12,090,657
Less nonadmitted bonds	(7,006)	(6,120)
Carrying value	\$ 12,704,457	\$ 12,084,537

RELIASTAR Life Insurance Company
Notes to Financial Statements – Statutory Basis

As of December 31, 2004, the aggregate fair values of debt securities with unrealized losses and the time period that cost exceeded fair value are as follows:

	Less than 6 months below cost	More than 6 months and less than 12 months below cost	More than 12 months below cost	Total
	<i>(In Thousands)</i>			
Fair value	\$ 1,854,837	\$ 1,363,630	\$ 704,109	\$ 3,922,576
Unrealized loss	20,453	29,338	49,973	99,764

Of the unrealized losses less than 6 months in duration of \$20,453,000, there was \$17,489,000 as of December 31, 2004, related to securities under the guidance prescribed by SSAP No. 43 *Loan-backed and Structured Securities*. This category includes U.S. government-backed securities, principal protected securities and structured securities which did not have an adverse change in cash flows for which the carrying amount was \$1,522,610,000. The remaining unrealized losses of \$2,964,000 are primarily related to interest rate movement or spread widening for other than credit-related reasons. Business and operating fundamentals are performing as expected.

Of the losses more than 6 months and less than 12 months in duration of \$29,338,000, there was \$22,365,000 as of December 31, 2004, related to securities reviewed for impairment under the guidance prescribed by SSAP No. 43. This category includes U.S. government-backed securities, principal protected securities and structured securities which did not have an adverse change in cash flows for which the carrying amount was \$1,116,867,000. The remaining unrealized losses of \$6,973,000 are primarily related to interest rate movement or spread widening for other than credit-related reasons. Business and operating fundamentals are performing as expected.

Of the losses more than 12 months in duration of \$49,973,000, there was \$41,366,000 as of December 31, 2004, related to securities reviewed for impairment under the guidance prescribed by SSAP No. 43. This category includes U.S. government-backed securities, principal protected securities and structured securities which did not have an adverse change in cash flows for which the carrying amount was \$563,402,000. The remaining unrealized losses of \$8,607,000 are primarily related to interest rate movement or spread widening for other than credit-related reasons. Business and operating fundamentals are performing as expected.

The amortized cost and fair value of investments in bonds at December 31, 2004, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

	Amortized Cost	Fair Value
	<i>(In Thousands)</i>	
Maturity:		
Due in 1 year or less	\$ 257,254	\$ 262,024
Due after 1 year through 5 years	2,576,424	2,662,437
Due after 5 years through 10 years	2,792,865	2,920,555
Due after 10 years	1,899,791	2,008,367
Total	7,526,334	7,853,383
Residential-backed securities	3,284,512	3,275,549
Commercial mortgage-backed securities	1,093,041	1,107,078
Other asset-backed securities	807,576	836,099
Total	<u>\$ 12,711,463</u>	<u>\$ 13,072,109</u>

At December 31, 2004, investments in certificates of deposit and bonds, with an admitted asset value of \$195,750,000, were on deposit with state insurance departments to satisfy regulatory requirements.

Proceeds from the sale of investments in bonds and other fixed maturity interest securities were \$6,804,502,000 and \$8,252,957,000 in 2004 and 2003, respectively.

Realized capital gains (losses) are reported net of federal income taxes and amounts transferred to the IMR as follows:

	December 31 2004	2003
	<i>(In Thousands)</i>	
Realized capital gains	\$ 15,666	\$ 15,335
Less amount transferred to IMR (net of related taxes of \$10,489 in 2004 and \$14,223 in 2003)	(19,480)	(26,415)
Less federal income taxes on realized capital gains	(21,183)	(2,659)
Net realized capital losses	<u>\$ (24,997)</u>	<u>\$ (13,739)</u>

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

Major categories of net investment income are summarized as follows:

	Year ended December 31	
	2004	2003
	<i>(In Thousands)</i>	
Income:		
Equity securities - affiliated	\$ 27,942	\$ 27,600
Equity securities - unaffiliated	3,137	3,060
Bonds	748,100	742,698
Mortgage loans	164,827	154,819
Derivatives	(4,579)	3,160
Contract loans	45,131	34,862
Company-occupied property	23,744	14,826
Other	13,651	28,613
Total investment income	1,021,953	1,009,638
Investment expenses	(90,164)	(88,588)
Net investment income	<u>\$ 931,789</u>	<u>\$ 921,050</u>

The Company entered into reverse dollar repurchase agreements to increase its return on investments and improve liquidity. Reverse dollar repurchases involve a sale of securities and an agreement to repurchase substantially the same securities as those sold. The reverse dollar repurchases are accounted for as short-term collateralized financing and the repurchase obligation is reported in borrowed money. The repurchase obligation totaled \$444,994,000 and \$398,538,000 at December 31, 2004 and 2003, respectively. The securities underlying these agreements are mortgage-backed securities with a book value of \$445,262,000 and \$398,479,000 and fair value of \$445,975,000 and \$400,498,000 at December 31, 2004 and 2003, respectively. The securities have a weighted average coupon rate of 5.5% and have maturities ranging from December 2019 through December 2034. The primary risk associated with short-term collateralized borrowings is that the counterparty may be unable to perform under the terms of the contract. The Company's exposure is limited to the excess of the net replacement cost of the securities over the value of the short-term investments, which was not material at December 31, 2004. The Company believes the counterparties to the reverse dollar repurchase agreements are financially responsible and that the counterparty risk is minimal.

The Company participates in reverse repurchase transactions. Such transactions include the sale of corporate securities to a major securities dealer and a simultaneous agreement to repurchase the same securities in the near term. The proceeds are invested in new securities of intermediate durations. The terms of the reverse repurchase agreements call for payment on interest at a rate of 1.45%. The agreements mature prior to the end of January 2005. As of December 31, 2004 and 2003, the amount outstanding on these agreements was \$131,600,000 and \$16,500,000, respectively. The securities underlying these agreements are mortgage-backed securities with a book value of \$133,186,000 and \$16,164,000 and fair value of \$133,873,000 and \$16,811,000 at December 31, 2004 and 2003, respectively. The securities have a weighted average coupon rate of 5.0% and have maturities ranging from October 2015 through January 2035.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

The maximum and minimum lending rates for long-term mortgage loans during 2004 were 6.58% and 3.55%. Fire insurance is required on all properties covered by mortgage loans and must at least equal the excess of the loan over the maximum loan which would be permitted by law on the land without the buildings.

The maximum percentage of a loan to the value of collateral at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages, was 75.5% on commercial properties. As of December 31, 2004, the Company held no mortgages with interest more than 180 days overdue. No interest was past due as of December 31, 2004.

The Company had impaired mortgage loans without an allowance for credit losses of \$836,000 and \$6,420,000 as of December 31, 2004 and 2003, respectively.

In the course of the Company's asset management activities, securities are sold and reacquired within 30 days of the sale date to enhance the Company's return on its investment portfolio or to manage interest rate risk. The table below summarizes the number of transactions, the book value, and the gain or loss of the Company's financial instruments with respect to securities sold and reacquired within 30 days of the sale date as of and for the year ended December 31, 2004:

Bonds	Number of Transactions	Cost of Securities		
		Book Value	Repurchased	Gain
(In Thousands)				
NAIC 3	11	\$ 12,912	\$ 17,022	\$ 321
NAIC 4	2	2,000	2,000	17

4. Derivative Financial Instruments Held for Purposes Other than Trading

The Company utilizes derivatives such as swaps, caps, floors, and options to reduce and manage risks, which include the risk of a change in the value, yield, price, cash flows, exchange rates or quantity of, or a degree of exposure with respect to, assets, liabilities, or future cash flows which the Company has acquired or incurred. Hedge accounting practices are in accordance with the requirements set forth in SSAP No. 86.

The Company uses interest rate swaps to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities. Interest rate swap agreements generally involve the exchange of fixed and floating interest payments over the life of the agreement without an exchange of the underlying principal amount. Currency swap agreements generally involve the exchange of local and foreign currency payments over the life of the agreements without an exchange of the underlying principal amount.

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

Interest rate cap and interest rate floor agreements owned entitle the Company to receive payments to the extent reference interest rates exceed or fall below strike levels in the contracts based on the notional amounts.

The Company uses S&P Options to hedge against an increase in the S&P Index. Such increases result in increased reserve liabilities, and the options offset this increased expense. The options are accounted for in a consistent manner with the underlying reserve liabilities, which are carried at fair value with the change in value recorded in the statements of operations. If the options mature in the money, the amount received is recorded in income to offset the increased expense for the reserve liabilities.

Premiums paid for the purchase of interest rate contracts are included in other invested assets and are being amortized to interest expense over the remaining terms of the contracts or in a manner consistent with the financial instruments being hedged.

Amounts paid or received, if any, from such contracts are included in interest expense or income. Accrued amounts payable to or receivable from counterparties are included in other liabilities or other invested assets. Gains or losses realized as a result of early terminations of interest rate contracts are amortized to investment income over the remaining term of the items being hedged to the extent the hedge is considered to be effective; otherwise, they are recognized upon termination.

Interest rate contracts that are matched or otherwise designated to be associated with other financial instruments are recorded at fair value if the related financial instruments mature, are sold, or are otherwise terminated, or if the interest rate contracts cease to be effective hedges. Changes in the fair value of derivatives are recorded as investment income. The Company manages the potential credit exposure from interest rate contracts through careful evaluation of the counterparties' credit standing, collateral agreements, and master netting agreements.

The Company is exposed to credit loss in the event of nonperformance by counterparties on derivative contracts; however, the Company does not anticipate nonperformance by any of these counterparties. The amount of such exposure is generally the unrealized gains in such contracts.

RELIASTAR Life Insurance Company
Notes to Financial Statements – Statutory Basis

The table below summarizes the Company's interest rate contracts included in other invested assets at December 31, 2004 and 2003:

	Notional Amount	Carrying Value	Fair Value
		<i>(In Thousands)</i>	
December 31, 2004			
Interest rate contracts:			
Swaps	\$ 1,173,426	\$ 97	\$ (9,456)
Caps owned	100,000	321	-
Options owned	75,789	5,042	5,042
Forwards owned	65,293	(808)	(808)
Total derivatives	<u>\$ 1,414,508</u>	<u>\$ 4,652</u>	<u>\$ (5,222)</u>
December 31, 2003			
Interest rate contracts:			
Swaps	\$ 369,203	\$ -	\$ (4,313)
Caps owned	375,000	2,067	63
Options owned	72,204	6,270	6,270
Forwards owned	66,714	323	323
Total derivatives	<u>\$ 883,121</u>	<u>\$ 8,660</u>	<u>\$ 2,343</u>

5. Concentrations of Credit Risk

The Company held less-than-investment-grade corporate bonds with an aggregate book value of \$700,190,000 and \$926,069,000 and an aggregate market value of \$734,880,000 and \$949,663,000 at December 31, 2004 and 2003, respectively. Those holdings amounted to 5.5% of the Company's investments in bonds and 4.1% of total admitted assets at December 31, 2004. The holdings of less-than-investment-grade bonds are widely diversified and of satisfactory quality based on the Company's investment policies and credit standards.

The Company held unrated bonds of \$403,776,000 and \$200,056,000, with an aggregate NAIC market value of \$406,939,000 and \$196,679,000 at December 31, 2004 and 2003, respectively. The carrying value of these holdings amounted to 3.2% of the Company's investment in bonds and 2.4% of the Company's total admitted assets at December 31, 2004.

At December 31, 2004, the Company's commercial mortgages involved a concentration of properties located in California (18.8%) and Washington (6.6%). The remaining commercial mortgages relate to properties located in 36 other states. The portfolio is well diversified, covering many different types of income-producing properties on which the Company has first mortgage liens. The maximum mortgage outstanding on any individual property is \$38,559,000.

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

6. Annuity Reserves

At December 31, 2004 and 2003, the Company's annuity reserves, including those held in separate accounts and deposit fund liabilities that are subject to discretionary withdrawal with adjustment, subject to discretionary withdrawal without adjustment, and not subject to discretionary withdrawal provisions are summarized as follows:

	Amount	Percent
	<i>(In Thousands)</i>	
December 31, 2004		
Subject to discretionary withdrawal (with adjustment):		
With market value adjustment	\$ 366,073	3.0 %
At book value less surrender charge	1,521,063	12.4
At fair value	2,895,908	23.6
Subtotal	4,783,044	39.0
Subject to discretionary withdrawal (without adjustment):		
At book value with minimal or no charge or adjustment	6,647,953	54.3
Not subject to discretionary withdrawal	821,070	6.7
Total annuity reserves and deposit fund liabilities before reinsurance	12,252,067	100.0 %
Less reinsurance ceded	13,042	
Net annuity reserves and deposit fund liabilities	<u>\$ 12,239,025</u>	
December 31, 2003		
Subject to discretionary withdrawal (with adjustment):		
With market value adjustment	\$ 354,927	3.0 %
At book value less surrender charge	1,858,390	15.9
At fair value	2,945,708	25.1
Subtotal	5,159,025	44.0
Subject to discretionary withdrawal (without adjustment):		
At book value with minimal or no charge or adjustment	5,709,734	48.8
Not subject to discretionary withdrawal	841,734	7.2
Total annuity reserves and deposit fund liabilities before reinsurance	11,710,493	100.0 %
Less reinsurance ceded	13,899	
Net annuity reserves and deposit fund liabilities	<u>\$ 11,696,594</u>	

Of the total net annuity reserves and deposit fund liabilities at December 31, 2004 of \$12,239,025,000, \$9,165,951,000 is included in the general account, and \$3,073,074,000 is included in the separate account at December 31, 2004.

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

7. Employee Benefit Plans

Pension Plan and Postretirement Benefits

Effective December 31, 2001 the qualified plan of the Company, along with certain other U.S. subsidiaries of ING AIH, were merged into one plan which will be recognized in ING AIH's financial statements. As a result of this plan merger, the Company transferred its qualified pension asset to ING North America Insurance Corporation, an affiliate. In addition, the Company maintains a nonqualified unfunded Supplemental Employees Retirement Plan ("SERP").

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefits Plans are as follows:

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
	<i>(In Thousands)</i>			
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 38,254	\$ 30,107	\$ 12,005	\$ 18,384
Service cost	-	-	1,530	1,326
Interest cost	2,296	1,952	732	1,183
Contribution by plan participants	-	-	1,527	1,419
Actuarial (loss) gain	(5,741)	8,997	3,571	(7,203)
Benefits paid	(2,838)	(2,802)	(2,989)	(3,104)
Benefit obligation at end of year	<u>\$ 31,971</u>	<u>\$ 38,254</u>	<u>\$ 16,376</u>	<u>\$ 12,005</u>
Change in plan assets				
Fair value of plan assets at beginning of year	\$ -	\$ -	\$ -	\$ -
Employer contributions	2,838	2,802	1,462	1,685
Plan participants' contributions	-	-	1,527	1,419
Benefits paid	(2,838)	(2,802)	(2,989)	(3,104)
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status	\$ (31,971)	\$ (38,254)	\$ (16,376)	\$ (12,005)
Unamortized prior service credit	(35)	(40)	(2,175)	(2,107)
Unrecognized net gains / (loss)	9,366	16,208	(1,705)	(5,692)
Remaining net obligation	18,341	19,488	-	-
Total funded status	<u>\$ (4,299)</u>	<u>\$ (2,598)</u>	<u>\$ (20,256)</u>	<u>\$ (19,804)</u>

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

Component of net periodic benefit cost

Service cost	\$ -	\$ -	\$ 1,530	\$ 1,326
Interest cost	2,296	1,952	732	1,183
Expected return on plan assets	-	-	-	-
Amortization of unrecognized transition obligations or transition asset	1,144	1,146	-	-
Amount of unrecognized gains (losses)	1,101	194	(454)	87
Amount of prior service cost recognized	(5)	(5)	68	68
Temporary deviation cost	-	-	39	-
Total net periodic benefit cost	<u>\$ 4,536</u>	<u>\$ 3,287</u>	<u>\$ 1,915</u>	<u>\$ 2,664</u>

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
	<i>(In Thousands)</i>			
Amounts recognized in the statement of operations consist of:				
Accrued benefit cost	\$ (31,956)	\$ (37,867)	\$ (20,256)	\$ (19,804)
Intangible assets	18,333	19,448	-	-
Surplus adjustment for additional minimum pension liability	9,324	15,821	-	-
Net amount recognized	<u>\$ (4,299)</u>	<u>\$ (2,598)</u>	<u>\$ (20,256)</u>	<u>\$ (19,804)</u>

In addition, the Company had pension benefit obligation and other benefit obligation for non-vested employees as of December 31, 2004 and 2003 in the amount of \$3,802,000 and \$11,049,000, respectively.

Assumptions used in determining the accounting for the defined benefit plans and other benefit plan as of December 31, 2004 and 2003 were as follows:

	2004	2003
Weighted-average discount rate	6.00 %	6.25 %
Rate of increase in compensation level	4.00 %	3.75 %
Expected long-term rate of return on assets	8.25 %	8.75 %

The annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) for the medical plan is 10% graded to 5% over 6 years. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation for the medical plan as of December 31, 2004 by \$259,000. Decreasing the assumed health care cost trend rates by one percentage point in each year would decrease the accumulated postretirement benefit obligation for the medical plan as of December 31, 2004 by \$248,000.

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

401(k) Plan

The ING Savings Plan and ESOP is a defined contribution plan sponsored by ING AIH, which is available to substantially all home office employees. Participants may make contributions to the plan through salary reductions up to a maximum of \$13,000 for 2004 and \$12,000 for 2003. Such contributions are not currently taxable to the participants. ING AIH matches up to 6% of pre-tax eligible pay at 100% and allocates expenses to the Company for their portion of the match. Amounts allocated to the Company related to this plan were \$5,731,000 and \$4,278,000 for 2004 and 2003, respectively.

8. Separate Accounts

Separate account assets and liabilities primarily represent funds segregated by the Company for the benefit of certain policy and contract holders, who bear the investment risk. Revenues and expenses on the separate account assets and related liabilities equal the benefits paid or payable to the separate account policy and contract holders.

The general nature and characteristics of the separate account business follows:

	Non-Indexed Guarantee Less than/ equal to 4%	Non- Guaranteed Separate Accounts	Total
	<i>(In Thousands)</i>		
December 31, 2004			
Premium, consideration or deposits for the year	\$ -	\$ 531,858	\$ 531,858
Reserves for separate accounts with assets at:			
Fair value	\$ 168,016	\$ 3,992,672	\$ 4,160,688
Amortized cost	-	-	-
Total reserves	<u>\$ 168,016</u>	<u>\$ 3,992,672</u>	<u>\$ 4,160,688</u>
Reserves for separate accounts by withdrawal characteristics:			
Subject to discretionary withdrawal:			
With market value adjustment	\$ 168,016	\$ -	\$ 168,016
At market value	-	3,977,174	3,977,174
Subtotal	168,016	3,977,174	4,145,190
Not subject to discretionary withdrawal	-	15,498	15,498
Total separate account liabilities	<u>\$ 168,016</u>	<u>\$ 3,992,672</u>	<u>\$ 4,160,688</u>

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

	Non-Indexed Guarantee Less than/ equal to 4%	Non- Guaranteed Separate Accounts	Total
	<i>(In Thousands)</i>		
December 31, 2003			
Premium, consideration or deposits for the year	<u>\$ -</u>	<u>\$ 331,182</u>	<u>\$ 331,182</u>
Reserves for separate accounts with assets at:			
Fair value	\$ -	\$ 3,916,434	\$ 3,916,434
Amortized cost	<u>174,758</u>	<u>-</u>	<u>174,758</u>
Total reserves	<u>\$ 174,758</u>	<u>\$ 3,916,434</u>	<u>\$ 4,091,192</u>
Reserves for separate accounts by withdrawal characteristics:			
Subject to discretionary withdrawal:			
With market value adjustment	\$ 174,758	\$ -	\$ 174,758
At market value	<u>-</u>	<u>3,893,950</u>	<u>3,893,950</u>
Subtotal	<u>174,758</u>	<u>3,893,950</u>	<u>4,068,708</u>
Not subject to discretionary withdrawal	<u>-</u>	<u>22,484</u>	<u>22,484</u>
Total separate account liabilities	<u>\$ 174,758</u>	<u>\$ 3,916,434</u>	<u>\$ 4,091,192</u>

A reconciliation of the amounts transferred to and from the separate accounts is presented below:

	2004	2003
	<i>(In Thousands)</i>	
Transfers as reported in the Summary of Operations of the Separate Accounts Statement:		
Transfers to separate accounts	\$ 534,265	\$ 334,233
Transfers from separate accounts	<u>(735,510)</u>	<u>(518,851)</u>
Net transfers from separate accounts	<u>(201,245)</u>	<u>(184,618)</u>
Reconciling adjustments:		
Miscellaneous transfers	<u>855</u>	<u>4,913</u>
Transfers as reported in the statements of operations	<u>\$ (200,390)</u>	<u>\$ (179,705)</u>

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

9. Reinsurance

The Company is involved in both ceded and assumed reinsurance with other companies for the purpose of diversifying risk and limiting exposure on larger risks. To the extent that the assuming companies become unable to meet their obligations under these treaties, the Company remains contingently liable to its policyholders for the portion reinsured. To minimize its exposure to significant losses from retrocessionaire insolvencies, the Company evaluates the financial condition of the retrocessionaire and monitors concentrations of credit risk.

Assumed premiums amounted to \$564,289,000 and \$610,961,000 for the years ended December 31, 2004 and 2003, respectively.

The Company's ceded reinsurance arrangements reduced certain items in the accompanying financial statements by the following amounts:

	December 31	
	2004	2003
	<i>(In Thousands)</i>	
Premiums	\$ 402,496	\$ 366,893
Benefits paid or provided	347,818	320,630
Policy and contract liabilities at year end	2,007,190	1,659,984

10. Federal Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return. The method of tax allocation is governed by a written tax sharing agreement. The tax sharing agreement provides that each member of the consolidated return shall reimburse the Company for its respective share of the consolidated federal income tax liability and shall receive a benefit for its losses at the statutory rate.

The components of the net deferred tax assets are as follows:

	December 31	
	2004	2003
	<i>(In Thousands)</i>	
Total deferred tax assets	\$ 429,428	\$ 411,332
Total deferred tax liabilities	(114,439)	(92,967)
Net deferred tax assets	314,989	318,365
Deferred tax asset nonadmitted	(224,538)	(229,550)
Net admitted deferred tax asset	\$ 90,451	\$ 88,815
Decrease in nonadmitted asset	\$ 5,012	\$ 18,090

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

Current income taxes incurred consist of the following major components:

	Year ended December 31	
	2004	2003
	<i>(In Thousands)</i>	
Federal taxes on operations	\$ 34,491	\$ 58,198
Federal taxes on capital gains	21,183	2,659
Total current taxes incurred	<u>\$ 55,674</u>	<u>\$ 60,857</u>

The main components of deferred tax assets and deferred tax liabilities are as follows:

	December 31	
	2004	2003
	<i>(In Thousands)</i>	
Deferred tax assets resulting from book/tax differences in:		
Deferred acquisition costs	\$ 123,201	\$ 124,142
Insurance reserves	166,983	145,537
Investments	37,959	33,000
Compensation and benefits	39,325	26,278
Due and deferred premium	19,668	-
Nonadmitted assets and other surplus items	13,313	21,623
Unrealized loss on investments	6,551	-
Litigation accruals	2,430	13,927
Costs of collection and loading	-	4,440
Other	19,998	42,385
Total deferred tax assets	<u>429,428</u>	<u>411,332</u>
Deferred tax assets nonadmitted	<u>(224,538)</u>	<u>(229,550)</u>
Admitted deferred tax assets	<u>204,890</u>	<u>181,782</u>
Deferred tax liabilities resulting from book/tax differences in:		
Investments	20,039	13,599
Due and deferred premium	49,193	42,075
Depreciable assets	26,030	26,815
Unrealized gain on investments	12,977	6,169
Insurance reserves	3,696	1,088
Other	2,504	3,221
Total deferred tax liabilities	<u>114,439</u>	<u>92,967</u>
Net admitted deferred tax asset	<u>\$ 90,451</u>	<u>\$ 88,815</u>

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

The change in net deferred income taxes is comprised of the following:

	December 31		
	2004	2003	Change
	<i>(In Thousands)</i>		
Total deferred tax assets	\$ 429,428	\$ 411,332	\$ 18,096
Total deferred tax liabilities	(114,439)	(92,967)	(21,472)
Net deferred tax asset	<u>\$ 314,989</u>	<u>\$ 318,365</u>	\$ (3,376)
Remove current year change in unrealized gains			6,808
Change in net deferred income tax			3,432
Remove other items in surplus:			
Additional minimum pension liability			(3,263)
Current year change in non-admitted assets			(1,085)
Other			3,039
Change in deferred taxes for rate reconciliation			<u>\$ 2,123</u>

The provision for federal income taxes incurred and change in deferred taxes is different from that which would be obtained by applying the statutory federal income tax rate to income (including capital items) before income taxes. The significant items causing this difference are:

	Year Ended
	December 31, 2004
	<i>(In Thousands)</i>
Ordinary income	\$ 245,011
Capital gains	(3,814)
Total pre-tax book income	<u>\$ 241,197</u>
Provision computed at statutory rate	<u>\$ 84,419</u>
Refinement of current tax balances	(13,606)
Refinement of deferred tax balances	(9,281)
Dividends received deduction	(12,668)
Interest Maintenance Reserve	5,244
Other	(557)
Total	<u>\$ 53,551</u>
Federal income taxes incurred	\$ 55,674
Change in net deferred income taxes	(2,123)
Total statutory income taxes	<u>\$ 53,551</u>

The amount of federal income taxes incurred that will be available for recoupment in the event of future net losses is \$14,143,000 and \$100,559,000 from 2004 and 2003, respectively.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

The Company has a receivable of \$14,549,000 and a payable of \$32,750,000 at December 31, 2004 and 2003, respectively, for federal income taxes under the intercompany tax sharing agreement.

Under prior law, life insurance companies were allowed to defer from taxation a portion of income. The deferred income was accumulated in the Policyholders' Surplus Account. This deferred income only becomes taxable under certain conditions, which management believes to be remote. Furthermore, the American Jobs Creation Act of 2004 allows certain tax-free distributions from the Policyholders' Surplus Account during 2005 and 2006. Therefore, based on currently available information, no federal income taxes have been provided on the Company's Policyholders' Surplus Account accumulated balance of \$32,641,000.

11. Investment in and Advances to Subsidiaries

The Company has two wholly owned insurance subsidiaries at December 31, 2004, ReliaStar Life Insurance Company of New York ("RNY") and ReliaStar Reinsurance Group "UK" LTD. The Company also has two wholly owned noninsurance subsidiaries: NWNL Benefits Corporation and Norlic, Inc. and one partially owned noninsurance subsidiary Superior Vision Services ("SVS").

Amounts invested in and advanced to the Company's subsidiaries are summarized as follows:

	December 31	
	2004	2003
	<i>(In Thousands)</i>	
Preferred stock (cost \$0 in 2004 and \$4,664 in 2003)	\$ -	\$ 4,664
Common stock (cost \$216,223 in 2004 and \$213,573 in 2003)	312,928	313,686

Summarized financial information for these subsidiaries is as follows:

	December 31	
	2004	2003
	<i>(In Thousands)</i>	
Revenues	\$ 424,758	\$ 367,867
Income before net realized gains on investments	30,414	52,473
Net income	27,976	52,502
Admitted assets	2,733,665	2,712,832
Liabilities	2,427,479	2,399,298

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

The Company received cash dividends from its subsidiaries, RNY and SVS of \$27,200,000 and \$742,108 in 2004 and \$25,500,000 and \$0 in 2003, respectively.

On February 27, 2004, the Company redeemed 44,350 shares of Preferred Series A SVS stock for cash at no gain or loss. In addition, the Company converted 738,161 shares of Preferred Series B SVS stock for 738,161 of common stock.

12. Capital and Surplus

Under Minnesota insurance regulations, the Company is required to maintain a minimum total capital and surplus of \$2,000,000. Additionally, the amount of dividends which can be paid by the Company to its shareholder without prior approval of the Minnesota Division of Insurance is limited to the greater of 10% of statutory surplus or the statutory net gain from operations.

Lion loaned \$100,000,000 to the Company under a surplus note dated December 1, 2001. The surplus note provides, subject to the regulatory constraints discussed below, that (1) it is a surplus note which will mature on September 15, 2021 with principal due at maturity, but payable without penalty, in whole or in part before maturity; (2) interest is payable at a variable rate based upon an annualized yield rate for U.S. Treasury Bonds payable semi-annually; and (3) in the event that the Company is in default in the payment of any required interest or principal, the Company cannot pay cash dividends on its capital stock (all of which is owned directly by Lion). The surplus note further provides that there may be no payment of interest or principal without the express approval of the Minnesota Division of Insurance. For the year ended December 31, 2004 and 2003, interest paid totaled \$4,600,000 each year. There is no accrued interest for the years ended December 31, 2004 and 2003.

On December 29, 2004, ING USA Annuity and Life Insurance Company ("ING USA") issued a 6.25% surplus note in the amount of \$175,000,000 to the Company. The note matures on December 29, 2034. Payment of the note and related accrued interest is subordinate to payments due to policyholders, claimant and beneficiary claims, as well as debt owed to all other classes of debtors, other than surplus note holders, of the Company in the event of (1) the institution of bankruptcy, reorganization, insolvency or liquidation proceedings by or against the Company, or (2) the appointment of a Trustee, receiver or other Conservator for a substantial part of the Company's properties. Any payment of principal and/or interest made is subject to the prior approval of the Minnesota Division of Insurance. For the year ended December 31, 2004, there was no interest paid or accrued.

Life and health insurance companies are subject to certain Risk Based Capital ("RBC") requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by a life and health insurance company is to be determined based on the various risk factors related to it. At December 31, 2004, the Company meets the RBC requirements.

RELIASTAR LIFE INSURANCE COMPANY
Notes to Financial Statements – Statutory Basis

13. Fair Values of Financial Instruments

In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the financial instrument. Accordingly, the aggregate fair value amounts presented herein do not represent the underlying value of the Company.

Life insurance liabilities that contain mortality risk and all nonfinancial instruments have been excluded from the disclosure requirements. However, the fair values of liabilities under all insurance contracts are taken into consideration in the Company's overall management of interest rate risk, such that the Company's exposure to changing interest rates is minimized through the matching of investment maturities with amounts due under insurance contracts.

The carrying amounts and fair values of the Company's financial instruments are summarized as follows:

	December 31			
	2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	<i>(In Thousands)</i>			
Assets:				
Bonds	\$ 12,704,457	\$ 13,072,109	\$ 12,084,537	\$ 12,526,062
Preferred stocks	50,508	50,921	44,479	43,987
Unaffiliated common stocks	1,243	1,243	1,072	1,072
Mortgage loans	2,231,587	2,355,664	2,169,371	2,360,151
Contract loans	663,678	663,678	671,241	671,241
Derivative securities	4,652	(5,222)	8,660	2,343
Short-term investments	139,395	139,395	23,908	23,908
Cash	41,994	41,994	50,831	50,831
Indebtedness from related parties	5,706	5,706	2,267	2,267
Separate account assets	4,386,414	4,386,414	4,368,512	4,368,512
Receivable for securities	754	754	37,928	37,928
Liabilities:				
Individual and group annuities	8,493,290	8,481,154	7,813,260	7,746,805
Deposit-type contracts	603,626	607,460	670,907	614,891
Policyholder dividends	22,292	22,292	22,318	22,318
Indebtedness to related parties	25,935	25,935	57,383	57,383
Separate account liabilities	3,079,591	3,079,591	1,714,477	1,714,477
Payable for securities	1,429	1,429	1,429	1,429

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

The following methods and assumptions were used by the Company in estimating the fair value disclosures for financial instruments in the accompanying financial statements and notes thereto:

Cash and short-term investments: The carrying amounts reported in the accompanying balance sheets for these financial instruments approximate their fair values.

Fixed maturities and equity securities: The fair values for bonds, preferred stocks and common stocks reported herein are based on quoted market prices, where available. For securities not actively traded, fair values are estimated using values obtained from independent pricing services or, in the case of private placements, are estimated by discounting the expected future cash flows. The discount rates used vary as a function of factors such as yield, credit quality, and maturity, which fall within a range between 2.1% and 18.0% over the total portfolio. Fair values determined on this basis can differ from values published by the SVO. Fair value as determined by the SVO as of December 31, 2004 and 2003 is \$13,429,388,000 and \$12,478,443,000, respectively.

Mortgage loans: Estimated fair values for commercial real estate loans were generated using a discounted cash flow approach. Loans in good standing are discounted using interest rates determined by U.S. Treasury yields on December 31 and spreads applied on new loans with similar characteristics. The amortizing features of all loans are incorporated in the valuation. Where data on option features is available, option values are determined using a binomial valuation method, and are incorporated into the mortgage valuation. Restructured loans are valued in the same manner; however, these loans were discounted at a greater spread to reflect increased risk. All residential loans are valued at their outstanding principal balances, which approximate their fair values.

Residual collateralized mortgage obligations: Residual collateralized mortgage obligations are included in the other invested assets balances. Fair values are based on independent pricing sources.

Derivative financial instruments: Fair values for on-balance sheet derivative financial instruments (caps, options and floors) and off-balance sheet derivative financial instruments (swaps) are based on broker/dealer valuations or on internal discounted cash flow pricing models taking into account current cash flow assumptions and the counterparties' credit standing.

Guaranteed investment contracts: The fair values of the Company's guaranteed investment contracts are estimated using discounted cash flow calculations, based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

Other investment-type insurance contracts: The fair values of the Company's deferred annuity contracts are estimated based on the cash surrender values of the contracts. The carrying values of other policyholder liabilities, including individual and group annuities, policyholder dividends and deposit-type contracts, approximate their fair values.

The carrying value of all other financial instruments approximates their fair value.

14. Commitments and Contingencies

The Company is a party to threatened or pending lawsuits arising from the normal conduct of business. Due to the climate in insurance and business litigation, suits against the Company sometimes include claims for substantial compensatory, consequential or punitive damages and other types of relief. Moreover, certain claims are asserted as class actions, purporting to represent a group of similarly situated individuals. While it is not possible to forecast the outcome of pending lawsuits, in light of existing insurance, reinsurance and established reserves, it is the opinion of management that the disposition of pending lawsuits will not have a materially adverse effect on the Company's operations or financial position.

Regulatory Matters

As with many financial services companies, the Company and its affiliates have received informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the financial services industry. In each case, the Company and its affiliates have been and are providing full cooperation.

Fund Regulatory Issues

Since 2002, there has been increased governmental and regulatory activity relating to mutual funds and variable insurance products. This activity has primarily focused on inappropriate trading of fund shares, revenue sharing and directed brokerage, compensation, sales practices and suitability, arrangements with service providers, pricing, compliance and controls, and adequacy of disclosure.

In addition to responding to governmental and regulatory requests on fund regulatory issues, ING management, on its own initiative, conducted, through special counsel and a national accounting firm, an extensive internal review of mutual fund trading in ING insurance, retirement, and mutual fund products. The goal of this review was to identify any instances of inappropriate trading in those products by third parties or by ING investment professionals and other ING personnel.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

The internal review identified several isolated arrangements allowing third parties to engage in frequent trading of mutual funds within the variable insurance and mutual fund products of ING, and identified other circumstances where frequent trading occurred despite measures taken by ING intended to combat market timing. Each of the arrangements has been terminated and disclosed to regulators, to the independent trustees of ING Funds (U.S.) and in reports previously filed by affiliates of the Company with the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended.

An affiliate of the Company, ING Funds Distributors, LLC ("IFD") has received notice from the staff of the National Association of Securities Dealers ("NASD") that the staff has made a preliminary determination to recommend that disciplinary action be brought against IFD and one of its registered persons for violations of the NASD Conduct Rules and federal securities laws in connection with frequent trading arrangements.

Other regulators, including the SEC and the New York Attorney General, are also likely to take some action with respect to the Company or certain affiliates before concluding their investigation of ING relating to fund trading. The potential outcome of such action is difficult to predict but could subject the Company or certain affiliates to adverse consequences, including, but not limited to, settlement payments, penalties, and other financial liability. It is not currently anticipated, however, that the actual outcome of such action will have a material adverse effect on ING or ING's U.S.-based operations, including the Company.

ING has agreed to indemnify and hold harmless the ING Funds from all damages resulting from wrongful conduct by ING or its employees or from ING's internal investigation, any investigations conducted by any governmental or self-regulatory agencies, litigation or other formal proceedings, including any proceedings by the SEC. Management reported to the ING Funds Board that ING management believes that the total amount of any indemnification obligations will not be material to ING or ING's U.S.-based operations, including the Company.

Other Regulatory Matters

The New York Attorney General and other regulators are also conducting broad inquiries and investigations involving the insurance industry. These initiatives currently focus on, among other things, compensation and other sales incentives, potential conflicts of interest, potential anti-competitive activity, marketing practices, certain financial reinsurance arrangements, and disclosure. It is likely that the scope of these investigations will further broaden before the investigations are concluded. U.S. affiliates of ING have received formal and informal requests in connection with such investigations, and are cooperating fully with each request for information.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

These initiatives may result in new legislation and regulation that could significantly affect the financial services industry, including businesses in which the Company is engaged.

In light of these and other developments, U.S. affiliates of ING, including the Company, periodically review whether modifications to their business practices are appropriate.

Investment Purchase Commitments

As part of its overall investment strategy, the Company has entered into agreements to purchase securities as follows:

	December 31	
	2004	2003
	<i>(In Thousands)</i>	
Investment purchase commitments	\$ 203,433	\$ 142,518

Operating Leases

The Company leases office space under various noncancelable operating lease agreements that expire through January 2009. Rental expense for 2004 and 2003 was approximately \$10,028,000 and \$12,030,000, respectively.

At December 31, 2004, the minimum aggregate rental commitments under operating leases for the upcoming five years and thereafter are as follows:

Year ending December 31	Commitments
2005	\$ 8,249,000
2006	7,825,000
2007	7,313,000
2008	6,948,000
2009	1,703,000
Thereafter	1,000

Certain rental commitments have renewal options extending through the year 2010 subject to adjustments in future periods.

At December 2004, the Company had committed to provide additional capital contributions of \$36,507,000 in partnerships reported in other invested assets on the balance sheets.

RELIASTAR LIFE INSURANCE COMPANY

Notes to Financial Statements – Statutory Basis

Lessor Leases

The Company owns or leases numerous sites that are leased or subleased to franchisees. Buildings owned or leased that meet the criteria for operating leases are carried at the gross investment in the lease less unearned income. Unearned income is recognized in such a manner as to produce a constant periodic rate of return on the net investment. The typical lease period is 20 years and some leases contain renewal options. The franchisee is responsible for the payment of property taxes, insurance and maintenance costs related to the leased property. The cost of these properties are \$145,682,000 at December 31, 2004, with accumulated depreciation of \$78,336,000.

Future minimum lease payment receivables under non-cancelable operating leasing arrangements as of December 31, 2004 are as follows:

Year ending December 31	Future minimum Lease Payment Receivables
2005	\$ 9,862,000
2006	7,484,000
2007	6,273,000
2008	4,152,000
2009	1,223,000
Thereafter	38,000

Contingent rentals included in income for the years ended December 31, 2004 and December 31, 2003 amounted to \$11,906,000 and \$13,622,000, respectively. The net investment is classified as real estate.

15. Financing Agreements

The Company maintains a revolving loan agreement with SunTrust Bank, Atlanta (the "Bank"). Under this agreement, which expires July 30, 2005, the Company can borrow up to \$125,000,000 from the Bank. Interest on any Company borrowing accrues at an annual rate equal to the cost of funds for the Bank for the period applicable for the advance plus 0.225%, or a rate quoted by the Bank to the Company for the borrowing. Under this agreement, the Company incurred interest expense of \$7,000 and \$16,000 for the years ended December 31, 2004 and 2003, respectively. At December 31, 2004 and 2003, the Company had no amount payable to the Bank.

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The Company maintains a revolving loan agreement with Bank of New York ("BONY"). Under this agreement, the Company can borrow up to \$100,000,000 from BONY. Interest on any Company borrowing accrues at an annual rate equal to: (1) the cost of funds for BONY for the period applicable for the advance plus .35%, or (2) a rate quoted by BONY to the Company for the borrowing. Under this agreement, the Company incurred interest expense of \$0 and \$7,000 for the years ended December 31, 2004 and 2003, respectively. At December 31, 2004 and 2003, the Company had no amounts payable to BONY.

The Company borrowed \$2,428,006,000 and repaid \$2,428,006,000 in 2004 and borrowed \$1,899,331,000 and repaid \$1,899,331,000 in 2003. These borrowings were on a short-term basis, at an interest rate that approximated current money market rates and exclude borrowings from reverse dollar repurchase agreements. Interest paid on borrowed money was \$240,000 and \$268,000 during 2004 and 2003, respectively.

The Company is the beneficiary of letters of credit totaling \$872,711,000; terms of the letters of credit provide for automatic renewal for the following year at December 31, unless otherwise canceled or terminated by either party to the financing. The letters were unused during both 2004 and 2003.

16. Related Party Transactions

Affiliates

Management and services contracts and all cost sharing arrangements with other affiliated ING U.S. life insurance companies are allocated among companies in accordance with normal, generally accepted expense and cost allocation methods.

Inter-insurer Services Agreement: The Company has entered into a services agreement with certain of its affiliated insurance companies in the United States ("affiliated insurers") whereby the affiliated insurers provide certain administrative, management, professional, advisory, consulting and other services to each other. Net amount paid under these agreements was \$167,979,000 and \$125,174,000 for the years ended December 31, 2004 and 2003, respectively.

Investment Management: The Company has entered into an investment advisory agreement and an administrative services agreement with ING Investment Management, LLC ("IIM") under which IIM provides the Company with investment management and asset/liability management services. Total fees under the agreement were approximately \$48,142,000 and \$44,759,000 for the years ended December 31, 2004 and 2003, respectively.

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Notes to Financial Statements – Statutory Basis

Reciprocal Loan Agreement: The Company maintains a reciprocal loan agreement with ING AIH to facilitate the handling of unusual and/or unanticipated short-term cash requirements. Under this agreement, which expires December 31, 2010, the Company and ING AIH can borrow up to \$324,258,000 from one another. Interest on any borrowing is charged at the rate of ING AIH's cost of funds for the interest period plus .15%. Interest on any ING AIH borrowings is charged at a rate based on the prevailing interest rate of U.S. commercial paper available for purchase with a similar duration. Under this agreement, the Company incurred interest expense of \$126,000 and \$245,000 and interest income of \$1,017,000 and \$423,000 for the years ended December 31, 2004 and 2003, respectively. At December 31, 2004, the Company had no amounts payable to ING AIH and \$75,000,000 receivable from ING AIH.

Tax Sharing Agreements: The Company has entered into federal tax sharing agreements with members of an affiliated group as defined in Section 1504 of the Internal Revenue Code of 1986, as amended. The agreement provides for the manner of calculation and the amounts/timing of the payments between the parties as well as other related matters in connection with the filing of consolidated federal income tax returns. The Company has also entered into a state tax sharing agreement with ING AIH and each of the specific subsidiaries that are parties to the agreement. The state tax agreement applies to situations in which ING AIH and all or some of the subsidiaries join in the filing of a state or local franchise, income tax or other tax return on a consolidated, combined or unitary basis.

Customer Services Agreement: The Company has entered into a services agreement with ING Financial Advisors ("ING FA") to provide certain administrative, management, professional advisory, consulting and other services to the Company for the benefit of its customers. Charges for these services are to be determined in accordance with fair value and reasonable standards with neither party realizing a profit nor incurring a loss as a result of the services provided to the Company. The Company will reimburse ING FA for direct and indirect costs incurred on behalf of the Company.

Guarantee Agreement: The Company, effective January 2002, entered into a Guarantee Agreement with two other ING affiliates whereby it is jointly and severally liable for a \$250,000,000 obligation of another ING affiliate, Security Life of Denver International Limited ("SLDI"). The Company's Board of Directors approved this transaction on April 25, 2002. The two other affiliated life insurers were Security-Connecticut (subsequently merged into the Company on October 1, 2003), and Security Life of Denver Insurance Company. The joint and several guarantees of the two insurers are capped at \$250,000,000.

Assets and liabilities, and the related revenues and expenses recorded as a result of transactions and agreements with affiliates, may not be the same as those recorded if the Company was not a wholly-owned subsidiary of its parent.

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17. Guaranty Fund Assessments

Insurance companies are assessed the costs of funding the insolvencies of other insurance companies by the various state guaranty associations, generally based on the amount of premium companies collect in that state.

The Company accrues the cost of future guaranty fund assessments based on estimates of insurance company insolvencies provided by the National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA") and the amount of premiums written in each state. The Company has recorded \$2,017,000 and \$2,637,000 for this liability as of December 31, 2004 and 2003, respectively. The Company has also recorded an asset of \$3,120,000 and \$21,000 as of December 31, 2004 and 2003, respectively, for future credits to premium taxes for assessments already paid.

18. Unpaid Accident and Health Claims

The change in the liability for unpaid accident and health claims and claim adjustment expenses is summarized as follows:

The liability for unpaid accident and health claims and claim adjustment expenses is included in Accident and Health Reserves and Unpaid Claims.

	2004	2003
	<i>(In Thousands)</i>	
Balance at January 1	\$ 1,283,283	\$ 1,186,221
Less reinsurance recoverables	40,164	46,197
Net balance at January 1	1,243,119	1,140,024
Incurred related to:		
Current year	398,300	486,373
Prior years	42,419	(25,417)
Total incurred	440,719	460,956
Paid related to:		
Current year	267,990	203,752
Prior years	147,528	154,109
Total paid	415,518	357,861
Net balance at December 31	1,268,320	1,243,119
Plus reinsurance recoverables	58,258	40,164
Balance at December 31	<u>\$ 1,326,578</u>	<u>\$ 1,283,283</u>

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19. September 11 Events

The terrorist attacks of September 11, 2001 (the September 11 events), resulted in a tremendous loss of life and property. Secondly, those events interrupted the business activities of many entities and disrupted the U.S. economy at many levels. In the past, businesses have incurred losses as a result of catastrophes such as earthquakes, hurricanes and even other terrorist attacks. However, the September 11 events are unprecedented in the United States in terms of the magnitude of the losses incurred and the number of entities affected. The following disclosures relating to the September 11 events are required:

As of December 31, 2004, the Company had estimated gross reinsurance claims of approximately \$124.6 million for personal accident coverage, \$201.3 million for workers compensation coverage and retrocession recoveries of \$103.4 million for net incurred claims of \$222.5 million from the events of September 11, 2001. The remaining retrocession recoveries at December 31, 2004, were approximately \$32.0 million.

The Company realizes there is still uncertainty regarding claim submissions and the number of occurrences from the events of September 11, 2001, but is comfortable with the current claim reserve reported as of December 31, 2004.

The September 11, 2001, impact is based on Company estimates using information obtained from ceding companies and an external consultant. It is reasonably possible that a change in the Company's estimate will occur in the near term but the possible range of change cannot be determined.

The Company does not have any environmental remediation obligations.

