

EMPLOYEES LIFE COMPANY (MUTUAL)

ELECTION/WITHHOLDING FOR PAYEES OF PERIODIC PAYMENTS

IMPORTANT NOTICE

INSTRUCTIONS:

Please read the Notice below and instructions on the enclosed Form W-4P.

If you don't want us to withhold Federal Income Tax, check the box on line 1 of the enclosed Form W-4P.

If you want us to withhold Federal Income Tax on Periodic Payments, complete lines 2 and 3 of Form W-4P.

Please return the bottom portion of Form W-4P to us at the address shown below after completing all details, signing, and dating it.

IF YOU DON'T MAKE AN ELECTION, THE LAW REQUIRES US TO WITHHOLD ON THE STANDARD BASIS (MARRIED WITH 3 EXEMPTIONS).

---

NOTICE OF WITHHOLDING ON PERIODIC PAYMENTS FROM  
NON QUALIFIED ANNUITIES, IRAS, ENDOWMENT OR LIFE INSURANCE POLICY (CONTRACT)

The periodic payments you receive from Employees Life Company (Mutual) are subject to Federal Income Tax withholding unless you elect not to have withholding apply. Withholding will only apply to the portion of your periodic payment that is to be included in your income subject to Federal Income Tax, and will be like wage withholding. Thus, for example, there will be no withholding on the return of your own nondeductible contributions (other than IRAs) to the Contract, if any.

You may elect not to have withholding apply to your periodic payments by completing, signing, and dating the bottom portion of the enclosed election Form W-4P and returning it by mail or in person to Employees Life Company (Mutual), 916 Sherwood Drive, Lake Bluff, IL 60044. Your election will remain in effect until you revoke it. You may revoke your election at any time by returning the signed and dated revocation to us. Any election or revocation will be effective no later than the January 1, May 1, July 1, or October 1 after it is received, so long as it is received at least 30 days before that date. You may make and revoke elections not to having withholding apply as often as you wish. Additional election Forms W-4P may be obtained from us or any IRS office.

If you do not return the bottom portion of Form W-4P, completed in all respects, before the first periodic payment is due, Federal Income Tax will be withheld from the taxable portion of your annuity payments as if you were a married individual claiming three withholding allowances. this means that the tax will be withheld if your periodic payments are more than the amount shown in the instruction on the enclosed Form W-4P under the heading Withholding From Pension and Annuities.

If you elect not to have withholding apply to your periodic payments, or if you do not have enough Federal Income Tax withheld from your periodic payments, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

Enclosure