

# Asset Allocation

*Target Your Investment Preferences*



RISK MANAGEMENT FINANCIAL SOLUTIONS

A prospectus must accompany or precede this material.



**W&S Financial  
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Issuers: Integrity Life Insurance Company | National Integrity Life Insurance Company

## Investment Allocation: It's All About You

Wondering what mix of investment options suits you as you prepare to live in retirement? Fortunately, you know an expert ... **yourself**. How you create your investment strategy is all about you and your preferences.

Before you start ... take account of your financial goals as they relate to your time horizon. Consider your tolerance for market fluctuations. Pursue your retirement dreams by developing a strategy that fits your investment objectives.

Selecting from among the numerous investment options available within a variable annuity from Integrity Life Insurance Company and National Integrity Life Insurance Company may be challenging. This brochure helps you with that task. It first assists you in determining your investment personality and then identifies a mix of investment options that may suit your personality.



*Choosing investments for your variable annuity is easy using the models created by Ibbotson. Let's get started.*

## Decide and Diversify

Different asset classes, such as equities (stocks), fixed income (bonds) and alternative investments, vary in their growth and risk characteristics. How you decide to invest your money — where and in what proportions — determines your asset allocation.

While spreading investments across multiple asset classes with different characteristics may smooth out market fluctuations and potentially improve investment results, it doesn't assure a profit or eliminate the risk of loss.

## Investment Classes At-a-Glance

- Fixed Income: Bonds
- Equities: Domestic Stocks
- International Equities: International Stocks
- Alternatives: Funds seeking investments (e.g. commodities and real estate) whose movements have low correlation to those of stocks and bonds

## We Team Up with Ibbotson to Help You Determine Your Asset Allocation

To help determine your preferences, you can use an expert in asset allocation — Ibbotson Associates, Inc. When you invest in a variable annuity from our company, a strategic asset allocation service from Ibbotson is available at no additional cost to help you identify the mix of asset categories that pursue the balance of growth potential and return stability you want.

To help you take advantage of their expertise, Ibbotson provides a series of questions that can lead to a model portfolio aligned to your investor personality. Turn the page and begin by considering your expectations for the timing and stability of your investment.

### **Why Ibbotson?**

*Ibbotson Associates is a leading, independent asset allocation expert. Its mission is to help investors reach financial goals by providing innovative asset allocation solutions. Its experienced consultants serve banks, broker-dealers and insurance companies worldwide. Ibbotson applies academic research and proprietary methodology to create portfolios using more than 30 years of asset allocation and investment theory. Founded in 1977, Ibbotson is a Morningstar company.*

# Step 1. Gauge Your Investor Profile



First, let's find out what kind of an investor you are. The following questions examine your investment profile. Answer these questions and add the points next to each of your answers. The sum will lead you to an asset allocation model that may align with your investor preferences.

## Time Horizon

1. When do you expect to withdraw money from this annuity?

- a. Immediately (0 points)
- b. 1 to 5 years (2 points)
- c. 6 to 10 years (6 points)
- d. 11 years or more (8 points)
- e. Never (10 points)

\_\_\_\_ Points

2. How long do you want withdrawals to last?

- a. I plan to take a lump sum (0 points)
- b. 1 to 5 years (1 points)
- c. 6 to 10 years (4 points)
- d. 11 years or more (8 points)
- e. I do not plan to take withdrawals (10 points)

\_\_\_\_ Points

\_\_\_\_ **TIME TOTAL (SUM OF QUESTIONS 1-2)**

## Tolerance for Market Fluctuations (Risk)

Some investors are willing to accept short-term losses as a trade-off for potentially higher long-term gains. Which response best represents your attitude toward this statement?

3. "I'm willing to experience large and frequent short-term losses if it increases the likelihood of achieving long-term gains."

- a. Strongly Agree (14 points)
- b. Agree (10 points)
- c. Disagree (4 points)
- d. Strongly Disagree (0 points)

\_\_\_\_ Points

4. To maintain money's buying power, investment returns must keep pace with inflation. Generally, greater returns are achieved by accepting greater risk. Which statement best reflects your attitude toward inflation and risk?

- a. My main goal is to avoid loss even though I may only keep pace with inflation. (0 points)
- b. My main goal is to earn slightly more than inflation while taking on a low level of risk. (5 points)
- c. My main goal is to increase my portfolio value so I'm willing to accept short-term losses but not comfortable with the extreme performance shifts of the most aggressive investments. (9 points)
- d. My main goal is to maximize my portfolio value so I'm willing to take on extreme performance shifts and risk levels that have the potential of significant loss. (14 points)

\_\_\_\_ Points

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5. In 2008, the US stock market declined 37% during the financial crisis. How did you react?
- a. I was very worried and sold a substantial portion of my investments. (0 points)
  - b. I was uncomfortable and sold some of my investments. (5 points)
  - c. I was very concerned but decided to wait a year before adjusting my portfolio. (10 points)
  - d. I was concerned but maintained my long-term investment strategy and did not adjust my portfolio. (15 points)

\_\_\_\_ **Points**

6. What amount of risk are you comfortable with?
- a. I am not concerned with frequent and sometimes large market drops and losses. (15 points)
  - b. I can handle declines in my investments a few times each year. (11 points)
  - c. I am fine with middle-of-the-road returns because I prefer not to see my investments decline too often. (7 points)
  - d. I am willing to accept lower returns in order to keep my investments stable. (3 points)
  - e. I am not comfortable with losses and would rather earn lower returns than lose money. (0 points)

\_\_\_\_ **Points**

7. Which statement best describes your investment philosophy?
- a. I want a low level of risk and investments designed for more consistent but most likely lower returns. (0 points)
  - b. I don't mind periodic fluctuations but prefer to avoid investments that have big losses. (7 points)
  - c. I would accept investments that frequently lose value for a chance to earn higher average returns. (14 points)

\_\_\_\_ **Points**

8. Investments with higher risk have a higher chance of short-term loss. Typically, the reward for higher risk is higher return over the long term. What's your focus — increasing returns or reducing risk?
- a. Increasing returns. (14 points)
  - b. Primarily increasing returns while also reducing risk and loss. (10 points)
  - c. Primarily reducing risk while also increasing returns. (5 points)
  - d. Reducing risk and loss. (0 points)

\_\_\_\_ **Points**

9. If you were offered the choices below, which would you choose?
- a. Accept \$10,000 now. (0 points)
  - b. Play a game with a 90% chance of winning \$20,000 and a 10% chance of winning nothing. (7 points)
  - c. Play a game with a 50% chance of winning \$50,000 and a 50% chance of winning nothing. (14 points)

\_\_\_\_ **Points**

\_\_\_\_ **RISK TOTAL (SUM OF QUESTIONS 3-9)**

## Step 2. Consider Your Portfolio Recommendation



Next, find your risk total in the left column and your time total in the top row based on your results. Where they intersect is an asset allocation model portfolio representative of your personal investor profile.

Risk Total	Time Total					
	1-2	3	4-5	6	7	8+
0-12	Conservative	Conservative	Conservative	Conservative	Conservative	Conservative
13-29	Conservative	Moderate-Conservative	Moderate-Conservative	Moderate-Conservative	Moderate-Conservative	Moderate-Conservative
30-44	Conservative	Moderate-Conservative	Balanced	Balanced	Balanced	Balanced
45-60	Conservative	Moderate-Conservative	Balanced	Moderate	Moderate	Moderate
61-83	Conservative	Moderate-Conservative	Balanced	Moderate	Moderate-Aggressive	Moderate-Aggressive
84-100	Conservative	Moderate-Conservative	Balanced	Moderate	Moderate-Aggressive	Aggressive

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## Added Considerations as You Proceed

Where do your scores point you? If your Risk and Time totals intersect to indicate a Conservative, Moderate, Moderate-Aggressive or Aggressive investment approach, take some added considerations into account as you review the model portfolios on the following pages.

### Conservative and Aggressive Profiles

While there is no direct portfolio match if your profile indicates Conservative or Aggressive, this may simply be a matter of degree. Modified approaches may address your profile:

- **Conservative:** Consider increasing the 60% fixed income allocation of the Moderate-Conservative model portfolio or combining various durations of guaranteed rate options. Lifestyle funds using exchange-traded funds also may be worth considering.
- **Aggressive:** If your scores only narrowly indicate an Aggressive investment profile, consider whether the Moderate-Aggressive portfolio may suit you.

### Alternatives Expand Your Portfolio Choices

Wider diversification with alternative investments seeks to manage risk and make performance more consistent:

- **Moderate or Moderate-Aggressive:** These model portfolios provide an additional choice of whether to invest in alternative investments. As non-traditional investment options, alternatives seek to provide broader diversification against the risk of market volatility. Diversification may help manage market fluctuations and yield a more stable portfolio over time. It does not however assure a profit or eliminate the risk of loss. Alternative investments in a variable annuity carry special risk considerations and are not appropriate for all investors.

Whatever your investment profile, it's essential to work with your financial professional to devise a portfolio appropriate for you.

*How you create your investment strategy is all about you and your personal choices.*

## Step 3. Choose Your Portfolio



Now that you know a model that makes sense for you, let Ibbotson identify the asset allocation mix and select the appropriate investments as you choose your portfolio.



Conservative

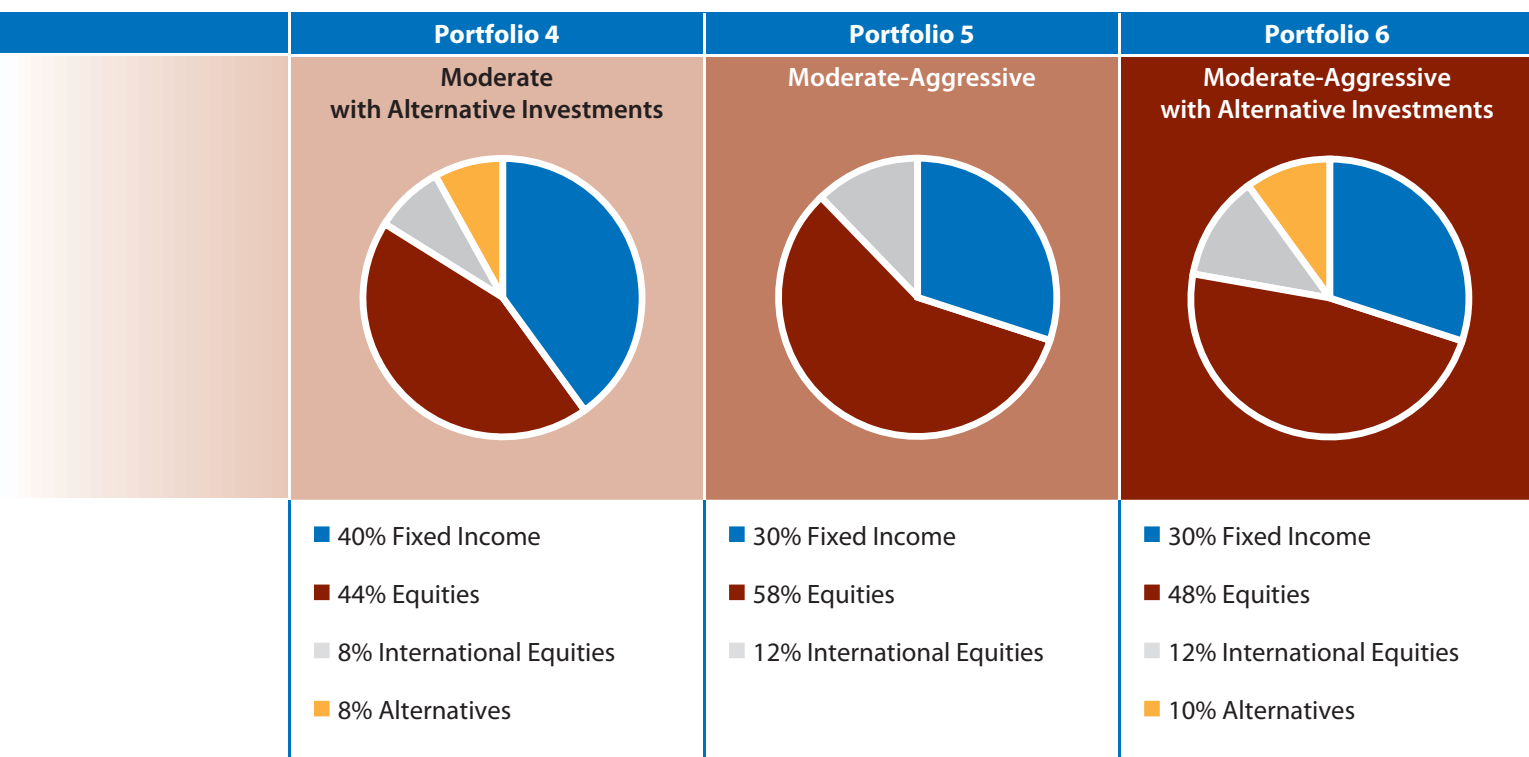
Portfolio 1	Portfolio 2	Portfolio 3	
Moderate-Conservative	Balanced	Moderate	
<ul style="list-style-type: none"> <li>■ 60% Fixed Income</li> <li>■ 40% Equities</li> </ul>	<ul style="list-style-type: none"> <li>■ 50% Fixed Income</li> <li>■ 44% Equities</li> <li>■ 6% International Equities</li> </ul>	<ul style="list-style-type: none"> <li>■ 40% Fixed Income</li> <li>■ 48% Equities</li> <li>■ 12% International Equities</li> </ul>	

### Personal and Professional

Ibbotson Associates is in the business of asset allocation and portfolio implementation for all investment phases, from accumulation to retirement. It has created a range of model portfolios appropriate to various investor profiles. Now you determine an investment mix that suits your specific objectives.

Investing in a model portfolio does not assure or guarantee performance results. You should discuss the suitability of any model portfolio for your investment needs with your financial professional periodically. For complete information, including all charges and expenses, please consult the product and fund prospectuses.

Aggressive



**Note:** Ibbotson analyzes models annually. Models can and do change. However, the investment allocations you choose for your annuity do not change automatically to reflect this. Review your investment portfolio regularly and adjust as needed.

## Step 4. Select Your Investment Options



Determine the Integrity or National Integrity variable annuity investment options that correspond with your model portfolio.

Investment Option	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6
	Moderate-Conservative	Balanced	Moderate	Moderate w/Alternative Investments	Moderate-Aggressive	Moderate-Aggressive w/Alternative Investments
BlackRock Capital Appreciation V.I. Fund (1)	4%	5%	5%	5%	6%	6%
Columbia VP - Small Cap Value Fund (1,2,3)	-	2%	4%	2%	4%	4%
Fidelity VIP Contrafund® Portfolio (2)	9%	9%	9%	9%	12%	9%
Fidelity VIP Index 500 Portfolio	9%	7%	6%	6%	6%	4%
Fidelity VIP Investment Grade Bond Portfolio (4,5)	15%	14%	12%	12%	10%	10%
FTVIPT Mutual Shares Securities Fund (1,2,5,9)	9%	10%	10%	10%	13%	10%
FTVIPT Templeton Foreign Securities Fund (1,2,6)	-	4%	7%	5%	7%	7%
Invesco Van Kampen V.I. Comstock Fund (1,2,3,9)	6%	6%	7%	7%	8%	8%
Invesco V.I. International Growth Fund (2,6)	-	2%	5%	3%	5%	5%
Morgan Stanley UIF U.S. Real Estate Portfolio (2,3,5,7)	-	-	-	3%	-	4%
PIMCO VIT Commodity RealReturn™ Strategy Portfolio (2,5,7,8,9)	-	-	-	3%	-	3%
PIMCO VIT Total Return Portfolio (4,5,9)	45%	36%	28%	28%	20%	20%
Guggenheim VT Managed Futures Strategy Fund (2,4,5,6,7,8,9)	-	-	-	2%	-	3%
Touchstone VST Baron Small Cap Growth Fund (1)	-	2%	4%	2%	4%	4%
Touchstone VST Large Cap Core Equity Fund	3%	3%	3%	3%	5%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Know Your Risks

When considering investment options for your variable annuity, please keep in mind that the risks below represent the principal risks associated with investing in the variable account options. For a complete discussion of risk, please read the product and underlying fund prospectuses.

- 1. Small/Mid Cap** – Small- to mid-sized company stocks tend to be more volatile and can be less liquid than stocks of large companies. Small companies tend to have shorter operating histories and may have less experienced management.
- 2. International** – Portfolios that invest internationally involve risks not associated with investing solely in the United States, such as currency fluctuation, political risk, differences in accounting and the limited availability of information. International investments may exhibit greater volatility of returns in the short term.
- 3. Real Estate** – Portfolios that focus on real estate investing are sensitive to economic and business cycles, changing demographic patterns and government actions, as well as risks related to the organization and operation of Real Estate Investment Trusts (REITs).
- 4. Bond** – Fixed income portfolios are subject to credit, inflation and interest rate risks. Generally, when interest rates rise, bond prices fall. Bonds with longer maturities may be more sensitive to interest rate risks.
- 5. High Yield** – Portfolios that invest in securities rated below investment grade (or “junk bonds”) may be sensitive to economic changes, political changes or adverse developments specific to a company or sector. Issuers of non-investment grade debt securities are more likely to be unable to make timely payments of interest or principal, particularly during an economic downturn or recession. High yield investments are affected by changes in interest rate and the credit worthiness of their issuers.
- 6. Emerging Markets** – Portfolios exposed to emerging markets may be subject to international risks, abrupt or erratic market movement involving greater risks and potential reward than investments in other companies and the stock market in general.
- 7. Nondiversified** – Portfolios that invest in a limited number of securities may involve greater risk and more price volatility than portfolios that do not limit the number of securities in which they invest.
- 8. Commodities Market** – The portfolio’s exposure to the commodities markets may subject the portfolio to greater volatility than other investments. The value of commodities may be affected by overall market movements, commodity index volatility, changes in interest rates, and events affecting a particular industry or commodity such as weather, livestock disease, international, economic, political and regulatory developments.
- 9. Derivatives** – The use of derivatives such as futures, options, structured notes, swap agreements and leveraged instruments may expose the portfolio to greater risk than direct investments in stocks and bonds. Short selling and liquidity risks in a secondary market increase the portfolio’s risks. The portfolio’s net asset value can increase or decrease more quickly than if the portfolio had not borrowed, depending on how the market moves.

# Western & Southern: Our Strength. Your Future.

Built on a heritage dating to 1888, Western & Southern Financial Group (Western & Southern) today stands strong. As a dynamic family of diversified financial services providers, Western & Southern has demonstrated resolve and resiliency throughout challenging economic cycles. We are a *Fortune* 500 company (*FORTUNE* magazine, May 2011). Our financial strength continues to be the cornerstone of our success. We are proud of our top-tier industry ratings, which you can check at [WSFinancialPartners.com/ratings](http://WSFinancialPartners.com/ratings). Western & Southern remains committed to helping safeguard your future well-being with our strength, stability and full range of risk management financial solutions.

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A variable annuity is a long-term financial vehicle designed for retirement purposes. An insurance company accepts premiums and provides future income or a lump sum to the contract owner by contractual agreement. Contract limitations, fees and charges include, but are not limited to, mortality and expense risk charges, administrative fees, sales and surrender charges, and additional charges for optional benefits. Withdrawals of earnings and other taxable amounts are subject to income tax and, if made prior to age 59½, may be subject to an additional 10% federal tax penalty. Withdrawals reduce the death benefit and account value.

Payment of benefits under the annuity contract is the obligation of, and is guaranteed by, the insurance company issuing the annuity. Guarantees are based on the claims-paying ability of the insurer. Variable annuities are issued and guaranteed by **Integrity Life Insurance Company**, Cincinnati, OH, and **National Integrity Life Insurance Company**, Goshen, NY. Integrity operates in DC and all states except ME, NH, NY and VT where National Integrity operates. W&S Financial Group Distributors is an affiliated agency of the issuer. Issuer has sole financial responsibility for its products. All are members of Western & Southern Financial Group.

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**Read all prospectuses carefully before investing as they contain complete information on the variable insurance product and the underlying investment option's investment objective(s), the risks associated with an investment, and the fees, charges, and expenses involved. These elements, as well as other information contained in the prospectuses, should be considered carefully before investing. For a variable annuity prospectus, visit [WSFinancialPartners.com](http://WSFinancialPartners.com) or call 800.325.8583. For a prospectus for any underlying fund, please call 800.325.8583. Please read the prospectuses carefully before investing or sending money.**

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