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## Prospectus

Flexible Premium  
Variable Annuity

The Ohio National  
Life Insurance Company

**May 1, 2006**

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**Prospectus**  
**Flexible Purchase Payment**  
**Individual Variable Annuity Contracts**  
**ONcore Value**  
**Ohio National Variable Account A**  
**The Ohio National Life Insurance Company**

One Financial Way  
Montgomery, Ohio 45242  
Telephone (800) 667-3078

This prospectus offers a variable annuity contract allowing you to accumulate values and paying you benefits on a variable and/or fixed basis. This prospectus provides additional details regarding your variable annuity contract. However, the terms and conditions of your contract, and any riders, supplements or endorsements prevail over what may be described in this prospectus.

Variable annuities provide contract values and lifetime annuity payments that vary with the investment results of the mutual funds listed later in this prospectus ("Funds") that you choose. You cannot be sure that the contract value or annuity payments will equal or exceed your purchase payments.

The variable annuity contracts are designed for:

- annuity purchase plans adopted by public school systems and certain tax-exempt organizations described in Section 501(c)(3) of the Internal Revenue Code (the "Code"), qualifying for tax-deferred treatment pursuant to Section 403(b) of the Code,
- other employee pension or profit-sharing trusts or plans qualifying for tax-deferred treatment under Section 401(a), 401(k) or 403(a) of the Code,
- individual retirement annuities qualifying for tax-deferred treatment under Section 408 or 408A of the Code,
- state and municipal deferred compensation plans and
- non-tax-qualified retirement plans.

Many of the listed qualified retirement plans already benefit from tax deferral. Therefore, your decision to fund any of the above-listed qualified retirement plans with a deferred annuity should include an assessment of the other benefits available under this annuity contract.

The minimum initial purchase payment is \$10,000. You may make additional payments of at least \$500 at any time (\$300 for payroll deduction plans). We may limit your total purchase payments to \$1,500,000.

You may direct the allocation of your purchase payments to one or more (but we may limit you to not more than 18) investment options of Ohio National Variable Account A ("VAA") and the Guaranteed Account (if available). VAA is a separate account of The Ohio National Life Insurance Company ("Ohio National Life"). The assets of VAA are invested in shares of the Funds. See page 2 for the list of available Funds. The Funds are portfolios of Ohio National Fund, Inc., Dow Target Variable Fund LLC, Dreyfus Variable Investment Fund, Fidelity Variable Insurance Products Fund, Franklin Templeton Variable Insurance Products Trust, Goldman Sachs Variable Insurance Trust, Janus Aspen Series, J.P. Morgan Series Trust II, Lazard Retirement Series, Inc., Legg Mason Partners Variable Portfolios I, Inc. (formerly Salomon Brothers Variable Series Funds, Inc.), MFS Variable Insurance Trust, Neuberger Berman Advisers Management Trust, PIMCO Variable Insurance Trust, The Prudential Series Fund, Inc., Royce Capital Fund, UBS Series Trust, and Van Kampen Universal Institutional Funds. See also the accompanying prospectuses of the Funds. The Fund prospectuses might also contain information about funds that are not available for these contracts.

You may withdraw all or part of the contract's value before annuity payments begin. You might incur federal income tax penalties for these early withdrawals. We may charge you a surrender charge up to 6% of the amount withdrawn. You may withdraw up to 10% of the contract value each year without this charge. Your exercise of contract rights may be subject to the terms of your qualified employee trust or annuity plan. This prospectus contains no information concerning your trust or plan.

You may revoke the contract, without penalty, within 10 days of receiving it (or a longer period if required by state law).

**Keep this prospectus for future reference. It sets forth the information about VAA and the variable annuity contracts that you should know before investing. Additional information about VAA has been filed with the Securities and Exchange Commission in a Statement of Additional Information dated May 1, 2006. We have incorporated the Statement of Additional Information by reference. It is available upon request and without charge by writing or calling us at the above address. The table of contents for the Statement of Additional Information is on the back page of this prospectus.**

The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense. This prospectus should be accompanied by the current Fund prospectuses.

## Table of Contents

Available Funds .....	2	Death Benefit .....	20
Glossary .....	4	Guaranteed Account .....	21
Fee Table .....	4	Ohio National Life Employee Discount .....	22
Financial Statements .....	6	Annuity Period .....	22
Accumulation Unit Values .....	6	Annuity Payout Date .....	22
Ohio National Life .....	7	Annuity Options .....	23
Ohio National Variable Account A .....	8	Determination of Amount of the First Variable	
The Funds .....	8	Annuity Payment .....	23
Mixed and Shared Funding .....	9	Annuity Units and Variable Payments .....	24
Voting Rights .....	9	Transfers During Annuity Payout .....	24
Distribution of Variable Annuity Contracts .....	9	Optional Guaranteed Minimum Income Benefit	
Deductions and Expenses .....	9	("GMIB") .....	24
Surrender Charge .....	9	Other Contract Provisions .....	25
Annual Contract Fee .....	10	Assignment .....	25
Deduction for Account Expense Fee .....	10	Reports and Confirmations .....	26
Deduction for Mortality and Expense Risk Fee .....	10	Substitution for Fund Shares .....	26
Charges for Optional Benefits .....	10	Contract Owner Inquiries .....	26
Transfer Fee .....	11	Performance Data .....	26
Deduction for State Premium Tax .....	11	Federal Tax Status .....	26
Fund Expenses .....	11	Tax-Deferred Annuities .....	28
Description of Variable Annuity Contracts .....	12	Qualified Pension or Profit-Sharing Plans .....	28
10-Day Free Look .....	12	Withholding on Annuity Payments .....	29
Accumulation Period .....	12	Individual Retirement Annuities (IRAs) .....	29
Purchase Payments .....	12	IRA Disclosure Statement .....	30
Accumulation Units .....	12	Free Look Period .....	30
Crediting Accumulation Units .....	12	Eligibility Requirements .....	30
Allocation of Purchase Payments .....	12	Contributions and Deductions .....	30
Optional Asset Allocation Models .....	13	IRA for Non-working Spouse .....	31
Accumulation Unit Value and Accumulation Value .....	14	Rollover Contribution .....	31
Net Investment Factor .....	14	Premature Distributions .....	32
Surrender and Withdrawal .....	14	Distribution at Retirement .....	32
Transfers among Subaccounts .....	15	Inadequate Distributions — 50% Tax .....	32
Effective Time for Purchase, Transfer and Redemption		Death Benefits .....	32
Orders .....	16	Roth IRAs .....	33
Electronic Access .....	16	Savings Incentive Match Plan for Employees (SIMPLE)	33
Scheduled Transfers (Dollar Cost Averaging) .....	17	Reporting to the IRS .....	33
Portfolio Rebalancing .....	17	Illustration of IRA Fixed Accumulations .....	34
Optional Guaranteed Principal Access ("GPA") .....	17	Statement of Additional Information Contents .....	46
Optional Guaranteed Principal Protection ("GPP") .....	19		

## Available Funds

The investment adviser for Ohio National Fund, Inc. and Dow Target Variable Fund LLC is their affiliate, Ohio National Investments, Inc. Subadvisers for certain portfolios are shown below in parentheses.

<b>Ohio National Fund, Inc.</b> Money Market Portfolio Equity Portfolio Bond Portfolio Omni Portfolio (an asset allocation fund) S&P 500 Index® Portfolio International Portfolio International Small Company Portfolio Capital Appreciation Portfolio Millennium (formerly called Discovery) Portfolio Aggressive Growth Portfolio Mid Cap Opportunity (formerly Growth & Income) Portfolio Capital Growth Portfolio High Income Bond Portfolio Blue Chip Portfolio Small Cap Growth (formerly called Core Growth) Portfolio Nasdaq-100® Index Portfolio Bristol Portfolio (large cap stocks) Bryton Growth Portfolio (small/mid cap stocks) U.S. Equity Portfolio	<b>Investment Adviser (Subadviser)</b> Ohio National Investments, Inc. (Legg Mason Capital Management, Inc.) Ohio National Investments, Inc. (Suffolk Capital Management, LLC) Ohio National Investments, Inc. (Federated Global Investment Management Corp.) (Federated Global Investment Management Corp.) (Jennison Associates LLC) (Neuberger Berman Management Inc.) (Janus Capital Management LLC) (RS Investment Management, L.P.) (Eagle Asset Management, Inc.) (Federated Investment Management Company) (Federated Equity Management Company of Pennsylvania) (Janus Capital Management, LLC) Ohio National Investments, Inc. (Suffolk Capital Management, LLC) (Suffolk Capital Management, LLC) (ICON Advisers, Inc.)
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Balanced Portfolio	(ICON Advisers, Inc.)
Covered Call Portfolio	(ICON Advisers, Inc.)
Target VIP Portfolio	(First Trust Advisors, L.P.)
Target Equity/Income Portfolio	(First Trust Advisors, L.P.)
<b>The Dow<sup>SM</sup> Target Variable Fund LLC</b>	
The Dow Target 10 Portfolios	(First Trust Advisors, L.P.)
The Dow Target 5 Portfolios	(First Trust Advisors, L.P.)
<b>Dreyfus Variable Investment Fund (Service Shares)</b>	
Appreciation Portfolio	(Fayez Sarofim & Co.)
<b>Fidelity<sup>®</sup> Variable Insurance Products Fund (Service Class 2)</b>	
VIP Contrafund <sup>®</sup> Portfolio (a value fund)	Fidelity Management & Research Company
VIP MidCap Portfolio	Fidelity Management & Research Company
VIP Growth Portfolio	Fidelity Management & Research Company
VIP Equity-Income Portfolio	Fidelity Management & Research Company
<b>Franklin Templeton Variable Insurance Products Trust (Class 2 Shares)</b>	
Franklin Income Securities Fund	Franklin Advisers, Inc.
Franklin Flex Cap Growth Securities Fund	Franklin Advisers, Inc.
Templeton Foreign Securities Fund	Templeton Investment Counsel, LLC
<b>Goldman Sachs Variable Insurance Trust</b>	
Goldman Sachs Growth and Income Fund	Goldman Sachs Asset Management, L.P.
Goldman Sachs Structured <sup>SM</sup> U.S. Equity Fund	Goldman Sachs Asset Management, L.P.
Goldman Sachs Capital Growth Fund	Goldman Sachs Asset Management, L.P.
<b>Janus Aspen Series (Service Shares)</b>	
Large Cap Growth Portfolio	Janus Capital Management LLC
International Growth Portfolio	Janus Capital Management LLC
Worldwide Growth Portfolio	Janus Capital Management LLC
Balanced Portfolio	Janus Capital Management LLC
<b>J.P. Morgan Series Trust II</b>	
JPMorgan Mid Cap Value Portfolio	J.P. Morgan Investment Management Inc.
JPMorgan Small Company Portfolio	J.P. Morgan Investment Management Inc.
<b>Lazard Retirement Series, Inc.</b>	
Lazard Retirement Small Cap Portfolio	Lazard Asset Management LLC
Lazard Retirement Emerging Markets Portfolio	Lazard Asset Management LLC
Lazard Retirement International Equity Portfolio	Lazard Asset Management LLC
Lazard Retirement Equity Portfolio	Lazard Asset Management LLC
<b>Legg Mason Partners Variable Portfolios I, Inc. (formerly Salomon Brothers Variable Series Funds, Inc.)</b>	
Legg Mason Partners Variable All Cap Portfolio	Salomon Brothers Asset Management, Inc.
Legg Mason Partners Variable Total Return Portfolio	Salomon Brothers Asset Management, Inc.
Legg Mason Partners Variable Investors Portfolio	Salomon Brothers Asset Management, Inc.
<b>MFS<sup>®</sup> Variable Insurance Trust<sup>SM</sup> (Service Class)</b>	
MFS Investors Growth Stock Series	Massachusetts Financial Services Company
MFS Mid Cap Growth Series	Massachusetts Financial Services Company
MFS New Discovery Series	Massachusetts Financial Services Company
MFS Total Return Series	Massachusetts Financial Services Company
<b>Neuberger Berman Advisers Management Trust</b>	
AMT Regency Portfolio	Neuberger Berman Management Inc.
<b>PIMCO Variable Insurance Trust (Administrative Shares)</b>	
Real Return Portfolio	Pacific Investment Management Company LLC
Total Return Portfolio	Pacific Investment Management Company LLC
Global Bond Portfolio	Pacific Investment Management Company LLC
<b>The Prudential Series Fund, Inc.</b>	
Jennison Portfolio (a growth stock fund)	Jennison Associates LLC
Jennison 20/20 Focus Portfolio (a value and growth fund)	Jennison Associates LLC
<b>Royce Capital Fund</b>	
Royce Small-Cap Portfolio	Royce & Associates, LLC
Royce Micro-Cap Portfolio	Royce & Associates, LLC
<b>Van Kampen Universal Institutional Funds (Class II)</b>	
Core Plus Fixed Income (formerly Fixed Income) Portfolio	Van Kampen*
U.S. Real Estate Portfolio	Van Kampen*
International Growth Equity Portfolio	Van Kampen*
Equity Growth Portfolio	Van Kampen*

\* Morgan Stanley Investment Management Inc., the investment advisor to these portfolios, does business in certain instances as Van Kampen.

## Glossary

*Accumulation Units*— Until annuity payments begin, your contract’s value in each subaccount is measured by accumulation units. The dollar value of each unit varies with the investment results of the subaccount’s corresponding Fund.

*Annuitant*— A living person whose length of life determines the number and value of annuity payments to be made.

*Annuity Unit*— After annuity payments begin, the amount of each variable payment depends upon the value of your annuity units. The dollar value of each unit varies with the investment results of the subaccount’s corresponding Fund.

*Fund*— A mutual fund in which subaccount assets may be invested. See the list of “Available Funds” beginning on page 2.

*Subaccount*— A subdivision of VAA. The assets of each subaccount are invested in a corresponding available Fund.

*Surrender*— To redeem the contract before annuity payments begin and receive its value minus any applicable surrender charge.

*Valuation Period*— A period of time usually ending at 4:00 p.m. Eastern time on each day the New York Stock Exchange is open for unrestricted trading. Accumulation unit and annuity unit values for each annuity period are determined at the end of that valuation period.

*VAA (Variable Account A)*— A separate account of The Ohio National Life Insurance Company consisting of assets segregated from Ohio National’s general assets for the purpose of funding annuity contracts whose values vary with the investment results of the separate account’s underlying Funds.

*Withdraw*— To receive part of the contract’s value without entirely redeeming the contract.

## Fee Table

**The following tables describe the fees and expenses you will pay when buying, owning and surrendering the contract. The first table describes the fees and expenses you will pay when you buy the contract, surrender the contract, or transfer cash value between investment options (Funds). State premium taxes may also be deducted if applicable.**

Contract Owner Transaction Expenses	<u>Years</u>	<u>Charge</u>
Surrender Charge (a percentage of value withdrawn; the percentage varies with the number of years from purchase payments to which values relate. This charge may also be called a Contingent Deferred Sales Charge).	1st	6%
	2nd	6%
	3rd	6%
	4th	5%
	5th	3%
	6th	2%
	7th and later	0%
Transfer Fee (currently no charge for the first 12 transfers each contract year)		\$10
Premium Tax (charged upon annuitization, surrender or when assessed)	0.0% to 5.0% depending on state law	

**The next table describes the fees and expenses you will pay periodically while you own the contract, not including Fund fees and expenses.**

Annual Contract Fee (no fee if your contract value exceeds \$50,000)	\$30
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<b>Separate Account Annual Expenses</b> (as a percentage of average account value unless otherwise indicated)	
Mortality and Expense Risk Charge	0.65%
Account Expense Charge	<u>0.25%</u>
Total Separate Account Annual Expenses (without optional added benefits)	0.90%

**Optional Separate Account Expenses** \*Some of the optional riders are mutually exclusive. See the individual discussion of each rider later in the prospectus.

If you choose the Annual Step-Up Death Benefit, the GMDB, or the GMDB Plus riders as described under “Death Benefit,” those annual charges are the following percentages of the optional death benefit amounts:

Annual Step-Up Death Benefit (currently the charge is 0.10%)	0.25%
GMDB	0.25%
GMDB Plus	0.45%

If you choose the GEB rider, as described under “Death Benefit,” the annual charge is the following percentage of your average variable account value:

GEB at issue ages through 70	0.15%
GEB at issue ages 71 through 75	0.30%
GEB “Plus” at issue ages through 70	0.30%
GEB “Plus” at issue ages 71 through 75	0.60%

If you choose the GMIB or the GMIB Plus riders, the annual charge is the following percentage of your guaranteed income base as described under “Optional Guaranteed Minimum Income Benefit (“GMIB”)”:

Percent of GMIB guaranteed income base	0.45%
Percent of GMIB Plus guaranteed income base	0.55%

If you choose the GPA, the annual charge is the following percentage of your eligible contract value plus later purchase payments as described under “Optional Guaranteed Principal Access (“GPA”) Rider:

For the 7% guaranteed annual withdrawal	0.40%
For the 8% guaranteed annual withdrawal	0.50%

If you choose the GPP, the annual charge is the following percentage of your average annual guaranteed principal amount as described under “Optional Guaranteed Principal Protection (“GPP”)”:

Percent of average annual guaranteed principal amount	0.20%
Total Optional Separate Account Expenses based on contract value	1.10%
Total Optional Separate Account Expenses based on death benefit amount	<u>0.85%</u>
Total Separate Account Annual Expenses with all optional benefits added at their maximum cost	2.85%

Note that you may only have one of GPA or GPP riders. You may not have a GPA with either of the GMIB riders. You may not have a GMIB rider and GMIB Plus rider. You may not have GMDB with GMDB Plus. Certain of the Optional Separate Account Expenses are based on the death benefit amount, not the contract value. Therefore in the situation where contract value is less than the death benefit amount, it is possible for an optional benefit to have a higher charge than disclosed when compared to contract value instead of death benefit.

**The next item shows the minimum and maximum total operating expenses incurred by the Funds during the time you own the contract. More detail concerning each Fund’s fees and expenses is contained in the prospectus for each Fund.**

	<u>Minimum without waivers</u>	<u>Maximum without waivers</u>
<b>Total Annual Fund Operating Expenses</b> (expenses deducted from Fund assets, including management fees, distribution (12b-1) fees and other Fund operating expenses)	0.37%	7.39%*

\* The Maximum Total Annual Fund Operating Expenses were for a portfolio that had an inception date of November 1, 2005. Therefore, the portfolio’s normal annual expenses were assessed against low asset levels in the new portfolio resulting in an unusually high percentage of operating expense.

## Example

**This Example is intended to help you compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include contract owner transaction expenses, contract fees, separate account annual expenses, and Fund fees and expenses for the most expensive available Fund. The Examples do not reflect the deduction of premium taxes, typically charged upon annuitization, surrender or when assessed. If the premium taxes were reflected, the charges would be higher. As indicated above, certain optional expenses are based on death benefit amounts. Under some circumstances, these charges could be higher when assessed as a percentage of the contract value. For purposes of these Examples, the death benefit amount and the contract value are assumed to be equal.**

**The Example assumes you invest \$10,000 in the contract for the periods indicated. The Example also assumes your investment has a 5% return each year and assumes the maximum fees and expenses of the most expensive available Fund assuming no waivers. The Example assumes you have selected all the available optional benefits and the costs for those benefits are based on contract values or death benefit amounts for a contract experiencing the assumed annual investment return of 5%. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:**

**(1) If you surrender your contract at the end of the applicable period:**

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$1,762	\$3,867	\$5,322	\$9,339

**(2) If you annuitize at the end of the applicable period, or if you do *not* surrender your contract:**

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$1,126	\$3,220	\$5,134	\$9,339

## Financial Statements

The complete financial statements of VAA and Ohio National Life, including the Independent Registered Public Accounting Firm's Reports for them, are included in the Statement of Additional Information.

## Accumulation Unit Values

Attached as Appendix B is a table showing selected information concerning Accumulation Units for each Sub-Account for each of the last ten calendar years, or since inception if less. The Accumulation Unit values do not reflect the deduction of certain charges that are subtracted from your annuity contract value, such as the contract maintenance charge. A portion of the information in the table is also included in the Separate Account's financial statements. To obtain a more complete picture of each Sub-Account's financial status and performance, you should review the Separate Account's financial statements which are contained in the Statement of Additional Information.

This series of variable annuity contracts began on May 1, 1998. Since then, the following changes have been made to available Funds:

January 6, 1999	The Dow Target Variable Funds added
May 1, 1999	Ohio National Fund International Small Company portfolio and Lazard Retirement Series portfolios added
July 1, 1999	Ohio National Fund Equity portfolio and UBS Series (formerly called Mitchell Hutchins or Brinson Series) portfolios added
January 3, 2000	Ohio National Fund Discovery (formerly called Small Cap) and Aggressive Growth portfolios and Prudential Series Fund portfolios added

May 1, 2000	Ohio National Fund Small Cap Growth (formerly called Core Growth) and Nasdaq-100 Index portfolios, Janus Aspen Series Service Shares portfolios, PBHG Technology & Communications portfolio and Fidelity Variable Insurance Products portfolios added; Janus Aspen Series Institutional Shares portfolios and Van Kampen (formerly called Morgan Stanley) Universal Institutional Funds Value and Emerging Markets Debt portfolios discontinued for new contracts
September 15, 2000	UBS Series (formerly called Mitchell Hutchins or Brinson Series) Strategic Income and Small Cap portfolios discontinued for new contracts
March 19, 2001	Strong Multi Cap Value Fund II (formerly called Strong Schafer Value Fund II) discontinued for new contracts
October 26, 2001	UBS Series (formerly Mitchell Hutchins or Brinson Series) Growth & Income portfolio discontinued for new contracts; Brinson Growth & Income, Small Cap and Strategic Income portfolios merged into Alliance Variable Products Series Growth & Income, Quasar and Global Bond portfolios, respectively.
November 1, 2001	JPMorgan Mid Cap Value portfolio and MFS Variable Insurance Trust funds added
December 17, 2001	First American Insurance Portfolios (“FAIP”) Corporate Bond portfolio replaced Ohio National Fund Strategic Income portfolio, and FAIP Equity Income portfolio replaced Ohio National Fund Relative Value portfolio and Firststar Growth & Income portfolio through mergers
May 1, 2002	Ohio National Fund Bristol and Bryton Growth portfolios added
August 1, 2002	PIMCO Variable Insurance Trust portfolios added
May 1, 2003	Dreyfus Variable Investment Fund Appreciation portfolio and Royce Capital Fund portfolios added; The Dow Target Variable Fund LLC Quarterly portfolios replaced monthly portfolios through mergers, Van Kampen Universal Institutional Funds (Class I) Core Plus Fixed Income and U.S. Real Estate portfolios discontinued for new contracts, and Van Kampen Universal Institutional Funds (Class II) Core Plus Fixed Income and U.S. Real Estate portfolios added for new contracts
October 1, 2003	Fidelity VIP Equity-Income portfolio added First American Insurance Portfolios discontinued for new contracts.
May 1, 2004	Ohio National Fund U.S. Equity, Balanced and Covered Call portfolios added; PBHG Technology & Communications portfolio and Strong Variable Insurance Funds discontinued for new contracts.
May 1, 2005	Franklin Templeton Variable Insurance Products Trust funds and Lazard Retirement International Equity Portfolio added. PBHG Technology & Communications Portfolio changed its name to Liberty Ridge Technology and Communications Portfolio.
November 2, 2005	Ohio National Fund Target VIP and Target Equity/Income portfolios were added.
May 1, 2006	Salomon Brothers Variable Series Funds, Inc. changed its name to Legg Mason Partners Variable Portfolios I, Inc. The Neuberger Berman Advisers Management Trust AMT Regency Portfolio was added. The Van Kampen Universal Institutional Funds International Growth Equity Portfolio and Equity Growth Portfolio were added.

## Ohio National Life

Ohio National Life was organized under the laws of Ohio on September 9, 1909. We write life, accident and health insurance and annuities in 47 states, the District of Columbia and Puerto Rico. Currently we have assets of approximately \$20 billion and equity of approximately \$1.7 billion. Our home office is located at One Financial Way, Montgomery, Ohio 45242. We are a stock life insurance company ultimately owned by a mutual insurance holding company (Ohio National Mutual Holdings, Inc.). Our policyholders own the holding company.

Ohio National and/or its affiliates may pay certain retail broker-dealers additional compensation or reimbursement for their efforts in selling our variable contracts. Reimbursements and additional compensation are paid for the purpose of, among other things, training the broker-dealers’ registered representatives regarding the procedures for submitting business to us, internally marketing our products to their registered representatives, educating registered representatives about the benefits and options available under the variable contracts and about the benefits of

variable contracts generally. These additional amounts are paid from our profits, not deducted from the contract owners' purchase payments.

Additionally, we may compensate some broker-dealers more than others for the sale of our products. This differential compensation may be based on several factors including, but not limited to, the size of the selling broker-dealer, the amount of previous business generated by the broker-dealer and the length of time Ohio National has contracted with the broker-dealer for the distribution of our contracts. As with reimbursements, these payments are not deducted from contract owners' purchase payments.

From time to time, Ohio National and/or its affiliates may also provide non-cash or cash compensation to certain financial institutions or their registered representatives in the form of occasional gifts, meals, tickets to events, educational conference support, special recognition support or other forms of non-cash and cash compensation as may be permitted by certain regulations applicable to broker-dealers.

### **Ohio National Variable Account A**

We established VAA on August 1, 1969 as a separate account for funding variable annuity contracts. Purchase payments for the variable annuity contracts are allocated to one or more subaccounts of VAA. However, we may limit you to no more than 18 investment options at any one time. Income, gains and losses, whether or not realized, from assets allocated to VAA are credited to or charged against VAA without regard to our other income, gains or losses. The assets maintained in VAA will not be charged with any liabilities arising out of any of our other business. Nevertheless, all obligations arising under the contracts, including the commitment to make annuity payments, are our general corporate obligations. Accordingly, all our assets are available to meet our obligations under the contracts. VAA is registered as a unit investment trust under the Investment Company Act of 1940. The assets of the subaccounts of VAA are invested at net asset value in Fund shares. Values of other contracts not offered through this prospectus are also allocated to VAA, including some subaccounts that are not available for these contracts.

### **The Funds**

The Funds are mutual funds registered under the Investment Company Act 1940. Fund shares are sold only to insurance company separate accounts to fund variable annuity contracts and variable life insurance policies and, in some cases, to qualified plans. The value of each Fund's investments fluctuates daily and is subject to the risk that Fund management may not anticipate or make changes necessary in the investments to meet changes in economic conditions.

The Funds receive investment advice from their investment advisers. The Funds pay each of the investment advisers a fee as shown in the prospectus for each Fund. In some cases, the investment adviser pays part of its fee to a subadviser.

Affiliates of certain Funds may compensate us based upon a percentage of the Fund's average daily net assets that are allocated to VAA. These percentages vary by Fund. This is intended to compensate us for administrative and other services we provide to the Funds and their affiliates.

For additional information concerning the Funds, including their fees, expenses and investment objectives, see the Fund prospectuses. Read them carefully before investing. They may contain information about other funds that are not available as investment options for these contracts. You cannot be sure that any Fund will achieve its stated objectives and policies.

The investment policies, objectives and/or names of some of the Funds may be similar to those of other investment companies managed by the same investment adviser or subadviser. However, similar funds often do not have comparable investment performance. The investment results of the Funds may be higher or lower than those of the other funds.

## **Mixed and Shared Funding**

In addition to being offered to VAA, certain Fund shares are offered to our other separate accounts for variable annuity contracts and a separate account of Ohio National Life Assurance Corporation for variable life insurance contracts. Fund shares may also be offered to other insurance company separate accounts and qualified plans. It is conceivable that in the future it may become disadvantageous for one or more of variable life and variable annuity separate accounts, or separate accounts of other life insurance companies, and qualified plans to invest in Fund shares. Although neither we nor any of the Funds currently foresee any such disadvantage, the Board of Directors or Trustees of each Fund will monitor events to identify any material conflict among different types of owners and to determine if any action should be taken. That could possibly include the withdrawal of VAA's participation in a Fund. Material conflicts could result from such things as:

- changes in state insurance law;
- changes in federal income tax law;
- changes in the investment management of any Fund; or
- differences in voting instructions given by different types of owners.

## **Voting Rights**

We will vote Fund shares held in VAA at Fund shareholders meetings in accordance with voting instructions received from contract owners. We will determine the number of Fund shares for which you are entitled to give instructions as described below. This determination will be within 90 days before the shareholders meeting. Proxy material and forms for giving voting instructions will be distributed to each owner. We will vote Fund shares held in VAA, for which no timely instructions are received, in proportion to the instructions that we do receive.

Until annuity payments begin, the number of Fund shares for which you may instruct us is determined by dividing your contract value in each Fund by the net asset value of a share of that Fund as of the same date. After annuity payments begin, the number of Fund shares for which you may instruct us is determined by dividing the actuarial liability for your variable annuity by the net asset value of a Fund share as of the same date. Generally, the number of votes tends to decrease as annuity payments progress.

## **Distribution of Variable Annuity Contracts**

The variable annuity contracts are sold by our insurance agents who are also registered representatives of broker-dealers that have entered into distribution agreements with Ohio National Equities, Inc. ("ONEQ"), a wholly-owned subsidiary of ours. ONEQ is the principal underwriter of the contracts. ONEQ and the broker-dealers are registered under the Securities Exchange Act of 1934 and are members of the National Association of Securities Dealers, Inc. We pay ONEQ 7.25% of each purchase payment and ONEQ then pays part of that to the broker-dealers. The broker-dealers pay their registered representatives from their own funds. Purchase payments on which nothing is paid to registered representatives may not be included in amounts on which we pay the sales compensation to ONEQ. If our surrender charge is not sufficient to recover the fee paid to ONEQ, any deficiency will be made up from our general assets. These include, among other things, any profit from the mortality and expense risk charges. ONEQ's address is One Financial Way, Montgomery, Ohio 45242.

## **Deductions and Expenses**

### **Surrender Charge**

There is no deduction from purchase payments to pay sales expense. We may assess a surrender charge if you surrender the contract or withdraw part of its value. The purpose of this charge is to defray expenses relating to the sale of the contract, including compensation to broker-dealers, cost of sales literature and prospectuses, and other expenses related to sales activity. The surrender charge is a percentage of the lesser of (a) the amount you

withdraw or surrender or (b) your total purchase payments minus all previous withdrawals. This percentage varies with the number of years from the date the purchase payments were made (starting with the first purchase payment) as follows:

<u>Years</u>	<u>Payment</u>
1st	6%
2nd	6%
3rd	6%
4th	5%
5th	3%
6th	2%
7th and later	0%

During each contract year, you may withdraw not more than 10% of the contract value (as of the day of the first withdrawal made during that contract year) without a surrender charge. You may take this 10% annual free withdrawal in up to 12 installments.

### **Annual Contract Fee**

Each year on the contract anniversary (or when you surrender the contract), we will deduct an annual contract fee of \$30 from the contract value. This helps to repay us for maintaining the contract. There is no contract fee for contracts having a value of at least \$50,000 at the contract anniversary. There is no charge after annuity payments begin. We guarantee not to increase the annual contract fee.

### **Deduction for Account Expense Fee**

At the end of each valuation period we deduct an amount equal to 0.25% on an annual basis of the contract value. This deduction reimburses us for expenses not covered by the annual contract fee. Examples of these expenses are accounting, auditing, legal, contract owner services, reports to regulatory authorities and contract owners, contract issue, etc.

### **Deduction for Mortality and Expense Risk Fee**

We guarantee that, until annuity payments begin, the contract's value will not be affected by any excess of sales and administrative expenses over the deductions for them. We also guarantee to pay a death benefit if the annuitant dies before annuity payments begin. After annuity payments begin, we guarantee that variable annuity payments will not be affected by adverse mortality experience or expenses.

For assuming these risks, when we determine the accumulation unit values and the annuity unit values for each subaccount, we make a deduction from the applicable investment results equal to 0.65% of the contract value on an annual basis. We may decrease that deduction at any time and we may increase it not more often than annually to not more than 0.65% on an annual basis. We agree that the deduction for these risk undertakings shall not be increased to more than the rate in effect at the time the contract is issued. We may discontinue this limitation on our right to increase the deduction, but only as to contracts purchased after notice of the discontinuance. The risk charge is an indivisible whole of the amount currently being deducted. However, we believe that a reasonable allocation would be 0.35% for mortality risk, and 0.30% for expense risk. We hope to realize a profit from this charge. However there will be a loss if the deduction fails to cover the actual risks involved.

### **Charges for Optional Benefits**

There is an additional annual charge if you choose an optional benefit. The additional charge is made on each contract anniversary. Not all optional benefits are available in all states. We may discontinue any of the optional benefits on new contracts at any time.

If you choose the Annual Step-Up Death Benefit, the GMDB, or the GMDB Plus riders as described under “Death Benefit,” those annual charges are the following percentages of the optional death benefit amounts:

Annual Step-Up Death Benefit (currently the charge is 0.10%)	0.25%
GMDB	0.25%
GMDB Plus	0.45%

If you choose the GEB rider, as described under “Death Benefit,” the annual charge is the following percentage of your average variable account value:

GEB at issue ages through 70	0.15%
GEB at issue ages 71 through 75	0.30%
GEB “Plus” at issue ages through 70	0.30%
GEB “Plus” at issue ages 71 through 75	0.60%

If you choose the GMIB or the GMIB Plus riders, the annual charge is the following percentage of your guaranteed income base as described under “Optional Guaranteed Minimum Income Benefit (“GMIB”)”:

Percent of GMIB guaranteed income base	0.45%
Percent of GMIB Plus guaranteed income base	0.55%

If you choose the GPA, the annual charge is the following percentage of your eligible contract value plus later purchase payments as described under “Optional Guaranteed Principal Access (“GPA”) Rider:

For the 7% guaranteed annual withdrawal	0.40%
For the 8% guaranteed annual withdrawal	0.50%

If you choose the GPP, the annual charge is the following percentage of your average annual guaranteed principal amount as described under “Optional Guaranteed Principal Protection (“GPP”)”:

Percent of average annual guaranteed principal amount	0.20%
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### Transfer Fee

We may charge a transfer fee of \$10 for each transfer from one or more subaccounts to other subaccounts. Only one charge is assessed for transfers out of any one subaccount, even if the transfer is to multiple subaccounts. The fee is charged pro rata against the subaccounts from which the transfer is made. We currently do not charge for your first 12 transfers each contract year. Other restrictions on transfers may apply. See “Transfers among Subaccounts” below.

### Deduction for State Premium Tax

Depending on your state, a premium tax or some similar charge may be levied based on the amount of your annuity purchase payments. We will deduct from your contract value the amount of any applicable premium taxes or similar assessment charged by any state or other governmental entity. While the rates are subject to change, the range for the premium tax is currently between 0.0% and 5.0%. If a charge is assessed, we will deduct that amount from your contract value at the time the contract is surrendered, at the time you annuitize, or at such earlier time that we may become subject to the premium tax. We may also deduct the premium tax from any death benefit proceeds.

### Fund Expenses

There are deductions from, and expenses paid out of, the assets of the Funds. These are described in the Fund prospectuses.

## Description of Variable Annuity Contracts

### 10-Day Free Look

You may revoke the contract at any time until the end of 10 days after you receive it (or such longer period as may be required by your state law) and get a refund of the contract value as of the date of cancellation. To revoke, you must return the contract to us within the free look period. In some states, state law requires that the original purchase price be returned in lieu of the current contract value if you exercise your free look. Any purchase payments in these states to be allocated to variable Funds may first be allocated to the Money Market portfolio until the end of the free look period.

### Accumulation Period

#### Purchase Payments

Your first purchase payment must be at least \$10,000. You do not have to make any more payments after that. But you may make additional purchase payments at any time of at least \$500 each (\$300 for payroll deduction plans). We may limit your total purchase payments to \$1,500,000. If the check for your payment is dishonored, you will be liable to us for any changes in the market value between the date we receive your check and the date we are notified that the payment was dishonored. We will deduct any amount due for this reason from your contract value.

#### Accumulation Units

Until the annuity payout date, the contract value is measured by accumulation units. As you make each purchase payment, we credit units to the contract (see Crediting Accumulation Units). The number of units remains constant between purchase payments but their dollar value varies with the investment results of each Fund to which payments are allocated.

#### Crediting Accumulation Units

Your registered representative will send an order or application, together with the first purchase payment, to our home office for acceptance. We may enter into arrangements with certain broker-dealers whereby submission of the completed application and first purchase payment to the broker-dealer will be credited and deemed accepted by us on the date received by them. Such arrangements are at our sole discretion and approved by our Board of Directors. Before entering into such arrangements, we first must ensure that the broker-dealer has adequate compliance controls in place to prevent applications received after the cut-off time (usually 4:00 p.m. Eastern time) from being submitted to us for issuance as if received before the cut-off time.

Upon acceptance, we issue a contract and we credit the first purchase payment to the contract in the form of accumulation units. If all information necessary for issuing a contract and processing the purchase payment is complete, we will credit your first purchase payment within two business days after receipt. If we do not receive everything within five business days, we will return the purchase payment to you immediately unless you specifically consent to having us retain the purchase payment until the necessary information is completed. After that, we will credit the purchase payment within two business days.

You must send any additional purchase payments directly to our home office. They will then be applied to provide that number of accumulation units (for each subaccount) determined by dividing the amount of the purchase payment by the unit value next computed after we receive the payment at our home office. Except as detailed in the paragraph above, payments received after 4 p.m. on any process day (earlier on those days when the New York Stock Exchange closes early) will be priced at the next calculated unit value.

#### Allocation of Purchase Payments

You may allocate your purchase payments among up to 18 investment options including the variable subaccounts of VAA and the Guaranteed Account. The amount you allocate to any Fund or the Guaranteed Account must

equal a whole percent. You may change your allocation of future purchase payments at any time by sending written notice to our home office. Changes in allocation of purchase payments are not deemed effective until received by us at our administrative office.

### **Optional Asset Allocation Models**

You may choose an optional asset allocation model for your contract's variable account values. If you choose this option, it must be used for all your variable account values. There is no charge for using an optional asset allocation model. You may choose a model, discontinue using a model or change from one model to another at any time by notifying us. However, some optional benefits require participation in the asset allocation models. You may not use more than one model at a time.

Asset allocation is the distribution of invested assets among several different kinds of investments (such as large cap domestic value stocks, small cap domestic growth stocks, foreign stocks, long term investment-grade bonds, intermediate term bonds, high income bonds, money market instruments, real estate securities and so on). Historically, diversification among several different kinds of asset classes has been shown to help reduce volatility over long periods of time. However, there can be no assurance that asset allocation will reduce volatility or enhance performance.

Beginning in summer 2006, if you choose the asset allocation models, Ohio National Investments, Inc. ("ONII") will serve as your investment adviser for the limited purpose of developing and periodically updating the asset allocation models. Periodically, typically annually, ONII will assess the make up of each of the asset allocation models to determine if they continue to maintain the optimal level of investment return balanced against the designated risk tolerance for the model. If ONII determines that changes to the models are appropriate, we will notify you at least 30 days before making the change. If we do not hear from you otherwise, we will automatically reallocate the assets contained in the existing model to the new model, based on the discretionary authority you will have granted to ONII to do so. If you do not want your contract values reallocated in your existing model, you may move to a different model. If you do not want to move to a different model and you do not wish to have your contract values reallocated in the existing model, we will deem the advisory agreement between ONII and you terminated and no further rebalancing or reallocation will take place in your contract. If you have a rider that requires participation in the asset allocation models, the effect of the termination of the advisory agreement will be to terminate your rider as well.

More information about ONII's role as your limited purpose investment adviser is contained in Part II of ONII's Form ADV, which you can request at any time. It is possible that ONII may include underlying funds in the asset allocation models for which it also acts as the investment adviser. As a result, inclusion of such portfolios will result in ONII receiving fund management fees from these funds and portfolios.

We have retained Ibbotson Associates to develop several asset allocation models, each comprising a combination of the contract's available Funds. However, we reserve the right to change the third party consultant we use to develop the asset allocation models. Ibbotson selects the Funds for each of the models in accordance with risk/return profiles they have developed. Currently there are 5 models ranging from Model 1 (having relatively conservative investments with a lower risk/return profile) to Model 5 (having relatively aggressive investments with a higher risk/return profile).

At the end of each quarter, variable account values allocated within each model will be rebalanced to maintain the mix of investments in the proportions originally established for each model. You will then receive a confirmation of the transfers made among the Funds within your contract. The transfer charge does not apply to these quarterly rebalancing transactions. The transfer charge will apply if, by changing from one model to another you exceed the 12 free transfers allowed per year. When you change models, it counts as one transfer.

Your registered representative or financial adviser can help you determine the model that best fits your risk tolerance, investment horizon and objectives. The variable account portion of any purchase payments you make after selecting an asset allocation model will be allocated among the Funds as specified by the model you choose.

If your contract includes the optional Guaranteed Principal Protection (GPP) or Guaranteed Principal Access (GPA) rider, your variable account values must be in one of the models. The GPP or GPA rider will be cancelled if you are no longer using any model.

### **Accumulation Unit Value and Accumulation Value**

We set the original accumulation unit value of each subaccount of VAA for these contracts at the beginning of the first valuation period for each such subaccount. We determine the unit value for any later valuation period by multiplying the unit value for the immediately preceding valuation period by the net investment factor (described below) for such later valuation period. We determine a contract's value by multiplying the total number of units (for each subaccount) credited to the contract by the unit value (for such subaccount) for the current valuation period and adding to that any amount in the Guaranteed Account or in a Dollar Cost Averaging Account.

### **Net Investment Factor**

The net investment factor measures the investment results of each subaccount. The investment performance and expenses of each Fund, and the deduction of contract charges, affect daily changes in the subaccounts' accumulation unit values. The net investment factor for each subaccount for any valuation period is determined by dividing (a) by (b), then subtracting (c) from the result, where:

(a) is:

- (1) the net asset value of the corresponding Fund share at the end of a valuation period, plus
- (2) the per share amount of any dividends or other distributions declared for that Fund if the "ex-dividend" date occurs during the valuation period, plus or minus
- (3) a per share charge or credit for any taxes paid or reserved for the maintenance or operation of that subaccount; (no federal income taxes apply under present law.)

(b) is the net asset value of the corresponding Fund share at the end of the preceding valuation period; and

(c) is the deduction for administrative and sales expenses and risk undertakings.

### **Surrender and Withdrawal**

Before annuity payments begin you may surrender (totally withdraw the value of) your contract, or withdraw part of the contract value (at least \$300). You must make all surrender or withdrawal requests in writing delivered to us at the address on the first page of this prospectus. The surrender charge may then apply. That charge is taken from the total amount withdrawn.

Unless you specify otherwise, the withdrawal will be made pro-rata from your values in each Fund. The amount you may withdraw is the contract value less any surrender charge and any premium tax charge that may apply. In the case of a surrender, we subtract any contract administration charge. We will pay you within seven days after we receive your request. However, we may defer payment of Guaranteed Account values as described below. Surrenders and withdrawals are limited or not permitted in connection with certain retirement plans. For possible tax consequences of a surrender or withdrawal, see "Federal Tax Status" below.

If you request a surrender or withdrawal which includes contract values derived from purchase payments that have not yet cleared the banking system, we may delay mailing the portion relating to such payments until your check has cleared. We require the return of the contract in the case of a surrender.

Your right to withdraw may be suspended or the date of payment postponed:

- (1) for any period during which the New York Stock Exchange is closed (other than customary weekend and holiday closings) or during which the Securities and Exchange Commission has restricted trading on the Exchange;

- (2) for any period during which an emergency, as determined by the Commission, exists as a result of which disposal of securities held in a Fund is not reasonably practical, or it is not reasonably practical to determine the value of a Fund's net assets; or
- (3) such other periods as the Commission may order to protect security holders.

### Transfers among Subaccounts

You may transfer contract values from one or more Funds to one or more other Funds. You may make transfers at any time before annuity payments begin. The amount of any transfer must be at least \$300 (or the entire value of the contract's interest in a Fund, if less). Not more than 20% of a contract's Guaranteed Account value (or \$1,000, if greater) as of the beginning of a contract year may be transferred to variable Funds during that contract year.

We may limit the number, frequency, method or amount of transfers. We may limit transfers from any Fund on any one day to 1% of the previous day's total net assets of that Fund if we or the Fund in our discretion, believe that the Fund might otherwise be damaged. In determining which requests to honor, scheduled transfers (under a DCA program) will be made first, followed by mailed written requests in the order postmarked and, lastly, telephone, facsimile and other electronic requests in the order received. This policy will be applied uniformly without exception. We will notify you if your requested transfer is not made. Current SEC rules preclude us from processing at a later date those requests that were not honored. Accordingly, you would need to submit a new transfer request in order to make a transfer that was not honored because of these limitations.

Certain third parties may offer you investment management services for your contract. We will honor transfer requests from these third parties only if you give us a written power of attorney to do so. Fees you pay for such other services are in addition to any contract charges.

We discourage excessive trading and market timing through your contract. Excessive trading into and out of the portfolios can disrupt portfolio investment strategies and increase the portfolios' operating expenses. In addition, excessive trading lowers overall portfolio performance for long term investors, prevents portfolio managers from taking timely advantage of investment opportunities, and creates liquidity risks for the portfolios. The contract and the underlying portfolios are not designed to accommodate excessive trading practices. We and the portfolios reserve the right, in our sole discretion, to restrict, reject or cancel purchase and exchange orders which we believe represent excessive or disruptive trading. Listed below are some, but not necessarily all the steps we may take to discourage excessive trading and market timing.

The first time the contract owner is determined to have traded excessively, we will notify the contract owner in writing that his or her contract will be monitored for additional transactions in excess of the established limits and such subsequent activity may result in suspension of electronic transfer privileges and/or suspension of all transfer privileges. The established limits are determined internally as a protection against frequent trading and are not disclosed in the prospectus or other otherwise made public.

Upon the second instance of excessive trading, the contract owner will be advised that his or her electronic transfer privileges have been suspended and that all transfer requests must be submitted in writing and delivered via U.S. mail.

Upon the third instance of excessive trading, the transfer of contract values will only be permitted into the money market portfolio and all transfer privileges will be suspended. If a contract owner decides to surrender the contract following suspension of transfer privileges, the contract owner will incur the resulting surrender charge.

We may, in our sole discretion take any contract off of the list of monitored contracts, or restore suspended transfer privileges if we determine that the transactions were inadvertent or were not done with the intent to market time. **Otherwise, all of our policies related to excessive trading and market timing as described in this section will be applied to all contract owners uniformly and without exception.** Other trading activities may be detrimental to the portfolios. Therefore, we may place a contract on the list of monitored contracts

despite the fact the contract owner has not exceeded the established transfer limits. You may be deemed to have traded excessively even if you have not exceeded the number of free transfers permitted by your contract.

Some of the factors we may consider when determining whether or not to place a contract on the list of monitored contracts may include, but not be limited to:

- The number of transfers made in a defined period;
- The dollar amount of the transfer;
- The total assets of the portfolios involved in the transfer;
- The investment objectives of the particular portfolios involved in your transfers; and/or
- Whether the transfer appears to be a part of a pattern of transfers to take advantage of short-term market fluctuations or market inefficiencies

Contract owners who have not engaged in market timing or excessive trading may also be prevented from transferring contract values if we, or the portfolios, believe that an intermediary associated with the contract owner's account has otherwise been involved in market timing or excessive trading on behalf of other contract owners. Likewise, contract owners who have not engaged in intentional market timing or engaged in intentional disruptive or excessive trading may have their transfers rejected or their transfer privileges suspended if their trading activity generates an exception report in our transfer monitoring systems.

Contract owners seeking to engage in excessive trading practices may deploy a variety of strategies to avoid detection, and there is no guarantee that we or the portfolios will be able to identify such contract owners or curtail their trading practices. Our ability and the ability of the portfolios to detect and curtail excessive trading practices may also be limited by operational systems and technology limitations. In addition, because the portfolios receive orders from omnibus accounts, which is common among funds offering portfolios to insurance companies offering variable products, the portfolios may not be able to detect an individual's excessive trading practices through these omnibus accounts. If we are unable to detect those contract owners engaging in market timing and/or excessive trading, the previously mentioned harm associated with excessive trading (lower portfolio performance, liquidity risks, increased portfolio expenses, etc.) may occur.

We may alter or amend this policy as required to comply with state or federal regulations and such regulations may impose stricter standards than currently adopted by us or the portfolios.

#### **Effective Time for Purchase, Transfer and Redemption Orders**

Orders to purchase, redeem or transfer shares received after the close of the New York Stock Exchange, typically 4:00 p.m. (Eastern Time), will not become effective until the next business day.

However, we may enter into arrangements with certain broker-dealers whereby orders to purchase accumulation units (either through an initial purchase or subsequent purchase payments to an existing contract) will be credited and deemed accepted by us on the date received by them. Such arrangements are at our sole discretion and approved by our Board of Directors. Before entering into such arrangements, we will first ensure that the broker-dealer has adequate compliance controls in place to prevent orders to purchase units received after the cut-off time (usually 4:00 p.m. Eastern time) from being credited as if received before the cut-off time.

#### **Electronic Access**

If you give us a pre-authorization form, your contract and unit values and interest rates can be checked by telephoning us, at 1-800-366-6654, #1 or by accessing our web site at any time at [www.ohionational.com](http://www.ohionational.com). You may also request transfers and change allocations on our website. You may only make one electronic, facsimile or telephone (collectively, "electronic") transfer per day.

We will honor pre-authorized electronic transfer instructions from anyone who provides the personal identifying information requested. We will not honor electronic transfer requests after we receive notice of your death. For

added security, we send the contract owner a written confirmation of all electronic transfers on the next business day. However, if we cannot complete a transfer as requested, our customer service representative will contact the owner in writing sent within 48 hours of the electronic request. **You may think that you have limited this access to yourself, or to yourself and your representative. However, anyone giving us the necessary identifying information can use electronic access once you authorize it.**

Please note that telephone and/or other means of electronic communication may not always be available. Any telephone or electronic device, whether it is yours, your service provider's your agent's or ours can experience inaccessibility, power outages or slowdowns for a variety of reasons. These periods of inaccessibility may delay or prevent our receipt and processing of your requests. Although we have taken precautions and have emergency contingency plans to limit these problems, we cannot promise complete reliability under all circumstances. If you experience such problems, you should make your transfer request by writing to our home office.

We reserve the right to limit or restrict electronic access in any form at any time as to any contract owner.

### **Scheduled Transfers (Dollar Cost Averaging)**

We administer a scheduled transfer ("DCA") program enabling you to preauthorize automatic monthly or quarterly transfers of a specified dollar amount of at least \$300 each time. At least 12 DCA transfers must be scheduled, but we may permit fewer under some special DCA programs. The transfers may be from any variable Funds to any other variable Funds. Transfers may be made from the Guaranteed Account to any other Funds if the DCA program is established at the time the contract is issued, and the DCA program is scheduled to begin within 6 months of the time you make purchase payments from which DCA transfers will be made. A DCA program from the Guaranteed Account may not exceed 2 years. For transfers from variable Funds, the DCA program may not exceed 5 years. There is no transfer fee for DCA transfers. DCA transfers do not count against the 12 free transfers you are allowed each contract year. We may discontinue the DCA program at any time. You may also discontinue further DCA transfers by giving us written notice at least 7 business days before the next scheduled transfer.

DCA generally has the effect of reducing the risk of purchasing at the top, and selling at the bottom, of market cycles. DCA transfers from the Guaranteed Account or from a Fund with a stabilized net asset value, such as the Money Market portfolio, will generally reduce the average total cost of indirectly purchasing Fund shares because greater numbers of shares will be purchased when the share prices are lower than when prices are higher. However, DCA does not assure you of a profit, nor does it protect against losses in a declining market. Moreover, for transfers from a variable Fund, DCA has the effect of reducing the average price of the shares being redeemed.

### **Portfolio Rebalancing**

You may have us automatically transfer amounts on a quarterly, semi-annual or annual basis to maintain a specified percentage (whole percentages only) of contract value in each of two or more designated Funds. The purpose of a portfolio rebalancing strategy is to maintain, over time, your desired allocation percentage in the designated Funds having differing investment performance. Portfolio rebalancing will not necessarily enhance future performance or protect against future losses.

The transfer charge does not apply to portfolio rebalancing transactions. These transactions do not count against the 12 free transfers you are allowed each contract year. You may not have portfolio rebalancing for any Funds that are part of a DCA program.

### **Optional Guaranteed Principal Access ("GPA")**

We may offer a Guaranteed Principal Access ("GPA") rider in those states where permitted. With certain restrictions, this rider guarantees:

- i. you will be able to withdraw a portion (up to 7% or 8%, depending on the rider you choose) of your contract's guaranteed principal amount for a term of ten years, regardless of the then current cash value of your contract, and

- ii. we will add into the contract the excess, if any, of the guaranteed principal amount, adjusted for withdrawals, over the eligible contract value, if the eligible contract value is positive at the end of the ten year term; (The eligible contract value is the contract value attributable to the beginning principal amount); and
- iii. we will allow you to take periodic withdrawals from your contract as described below in a total amount equal to the excess of the guaranteed principal amount, adjusted for withdrawals, over the eligible contract value, if the eligible contract value is reduced to zero during the ten year term.

This rider is beneficial to those contract owners who anticipate taking withdrawals over a limited time and who are concerned about possible decreases in contract values affecting the amount available for their withdrawal. This rider differs from the Guaranteed Principal Protection (“GPP”) rider because the GPP rider does not contemplate, nor guarantee withdrawals. If you do not anticipate withdrawing money from your rider in the next ten years, you may wish to purchase the GPP rider which guarantees your principal at the end of the ten years and costs less than the GPA rider.

If you select this rider, at the end of the ten-year rider period, we will credit your contract with the difference between the remaining unused guaranteed principal amount and the remaining eligible contract value. If at the end of the rider term the contract value relating to the guaranteed principal amount exceeds the unused guaranteed principal amount, there will be no additional amounts added to your rider.

You may apply for the GPA rider at the time you apply for the contract or upon any subsequent contract anniversary so long as the annuitant is under age 81 at the time the rider is issued. In addition, the GPA rider is not available in conjunction with the Guaranteed Principal Protection (“GPP”) rider or the Guaranteed Minimum Income Benefit (“GMIB”) rider we may offer. If you select the GPA rider, the variable portion of your contract values must be allocated to and, for the duration of the rider, remain in one of the Asset Allocation Models and you must abide by all the rules associated with the Asset Allocation Models (see “Optional Asset Allocation Models”). You may also have a portion of your contract values in a fixed accumulation account, or a dollar-cost averaging account that transfers to a model, that we may offer while this rider is in force.

The annual charge for the rider is deducted on each contract anniversary and is .40% of your contract value for the 7% GPA rider and .50% of your eligible contract value for the 8% GPA rider.

The annual amount you may withdraw is a percentage (7% or 8%) of the beginning guaranteed principal amount. The beginning guaranteed principal amount is defined as your initial purchase payment, plus any additional purchase payments received within the first six months after the contract is issued. If the rider is added after issue, the beginning guaranteed principal amount is the then-current contract value.

It is not necessary that you withdraw from the guaranteed amount from your contract each year. However, the amount available for withdrawal is not cumulative from year to year. For example, if you only withdraw 5% of an eligible 7%, the amount available the next year is still 7%. The amount you elect not to withdraw in a year remains guaranteed and will be included in the amount to be added to the contract, if any, at the end of the ten year withdrawal period.

You may also withdraw more than the annual guaranteed withdrawal amount in a given year. However, the excess withdrawal amount will function to reduce the amount guaranteed for withdrawal in later years of the rider and may be subject to a surrender charge. The amount eligible for withdrawal during the remainder of the rider period following an excess withdrawal is the lesser of the contract value immediately following the excess withdrawal or the guaranteed principal amount less the amount withdrawn. The amount you may withdraw on a guaranteed basis will be less than the amount you were able to withdraw and on the next contract anniversary, you will begin a new 10-year term and your guaranteed annual withdrawal amount will be recalculated. As a result, if you take an excess withdrawal when your contract value is less than your beginning guaranteed principal amount, you will forfeit a portion of the prior beginning guaranteed principal amount. In addition, if you take an excess withdrawal and as a result your contract value related to the beginning guaranteed principal amount is zero, you will have no benefit under the GPA rider. Also, an excess withdrawal may impact the amount you will receive

under a scheduled payment or withdrawal plan because the guaranteed withdrawal amount eligible for withdrawal in future years is decreased.

If you terminate the rider, either by notifying us before the next contract anniversary date or by moving contract values out of the optional Asset Allocation Models, we reserve the right to assess a pro rata charge for the part of the year the rider is in effect.

After the rider has been in effect for at least 5 years, we offer you the opportunity to reset the GPA rider. You may reset the rider on a subsequent contract anniversary so long as the annuitant has not reached age 81. Upon resetting the rider, you will be eligible to annually withdraw 7% or 8% of the then-current contract value each of the next 10 years. The charge for a rider upon reset may be higher than the initial charge for the rider. You may reset the rider more than once, but you must wait 5 years between resets.

The guaranteed withdrawal amounts are not subject to the surrender charge. This also applies to reset riders. This is true even if the amount of your guaranteed withdrawal is more than the amount of the free withdrawal amount under your base contract. Excess withdrawals in an amount more than the guaranteed withdrawal amount may be subject to a surrender charge if the amount withdrawn in a year also exceeds the annual free withdrawal amount under your base contract (10% of the contract value).

If, during the course of the rider, your eligible contract value decreases to zero and you are still eligible for guaranteed withdrawals, we will pay the remaining guaranteed principal amount in a series of preauthorized withdrawals, for which we may limit the amount or frequency. In other words, the remaining guaranteed principal amounts are paid to you through a single premium immediate fixed annuity. You may elect any payout option you wish, except that the annual payouts may not exceed the annual guaranteed principal withdrawal amount you would have otherwise been entitled to receive. As such, your annual payments will continue beyond the end of the ten year term until your remaining guaranteed principal amount is paid out in full. We will not pay interest on the amounts to be paid to you under these circumstances. Additionally your entire contract value decreases to zero, we will not accept any additional purchase payments under the contract and the contract will cease to provide any death benefit.

The rider will continue only upon the death of the owner and the transfer of the contract through the spousal continuation provision of your contract. Upon a spousal transfer, the new owner has all the rights of the original owner, including the right to reset the rider and renew the rider at the end of the 10-year term. Unless there is a spousal continuation, this rider terminates upon the death of the owner.

#### **Optional Guaranteed Principal Protection (“GPP”)**

In those states where permitted, you may choose the GPP rider when you apply for the contract, or on a contract anniversary, if the annuitant is then under age 80. GPP is not available when your contract includes the optional Guaranteed Minimum Withdrawal (“GMW”) rider or the optional Guaranteed Principal Access (“GPA”) rider.

If you continue the GPP rider until the end of its 10-year term, and do not make any withdrawals, we guarantee that your eligible contract value will not be less than it was at the beginning of the 10-year term. On the last day of the 10-year term, we will add an amount to your contract value to increase it to the “guaranteed contract value” if the contract value at the end of the 10-year term is less than the guaranteed contract value. The guaranteed contract value is the contract value:

- (a) as of the first day of the rider’s term or
- (b) the amount in (a) plus the total of any purchase payments made in the first 6 months if the rider was included in the contract when you purchased the contract,

reduced pro rata for any withdrawals you made.

Contract values attributable to purchase payments made after the rider is added (or after the first 6 months if the rider is included when the contract was issued) are not included in the guaranteed contract value and do not count as part of your contract value at the end of the term for purposes of determining the benefit amount.

If you choose GPP, you must allocate all variable contract values to one of the asset allocation models (see Optional Asset Allocation Models) during the entire 10-year term of the rider. You may change asset allocation models at any time. You may also have a portion of your contract values in a fixed accumulation account or a dollar-cost averaging account that we may offer while this rider is in force. If you stop using a model, we will cancel the GPP rider. You may cancel the GPP rider as of any contract anniversary by notifying us before that anniversary. Cancellation of the GPP rider does not affect any other contract features. You may continue using an asset allocation model after the GPP rider ends.

The charge for the GPP rider is made on each contract anniversary at the rate of 0.20% of the average of your guaranteed principal amount at the beginning and the end of each contract year. This charge will discontinue if the GPP rider is cancelled.

At the end of the 10-year term, you may reset the rider for another 10-year term if the annuitant is then under age 80. The guaranteed contract value under the new GPP 10-year term will be your contract value as of the end of the 10-year term then ended, including any amount we then add pursuant to the earlier GPP 10-year term, subject to adjustment for any withdrawals. You may also reset the GPP rider's guaranteed contract value at the current contract value on any contract anniversary after the rider has been in effect for at least 5 years (if the annuitant is then under age 80). This starts a new 10-year term.

If the annuitant dies during the 10-year term, and his or her spouse continues the contract, the GPP rider may also be continued.

### **Death Benefit**

If the annuitant dies before annuity payments begin, the contract pays a death benefit to a designated beneficiary. The amount of the death benefit will be determined at the date we receive proof of the annuitant's death and satisfactory instructions from the beneficiary for disposition of the contract. It will be paid to the beneficiary in a single sum unless you elect settlement under one or more of the settlement options. In lieu of the death benefit, the beneficiary may surrender the contract, without incurring a surrender charge, anytime within 60 days after the annuitant's death. If the contract value as of the date of death is less than the death benefit, we will add an amount equal to that difference to the Money Market portfolio.

This death benefit will be the greatest of:

- the contract value; or
- net purchase payments; or
- the stepped-up death benefit amount if the contract has been in effect for at least 6 years (or 1 year if you chose the annual stepped-up death benefit); or
- the guaranteed minimum death benefit ("GMDB") or the Guaranteed Minimum Death Benefit Plus ("GMDB Plus") if you chose one of those options; or
- the optional enhanced death benefit ("GEB" or "GEB Plus"), plus the greatest of the other options you choose, if you chose that option.

Net purchase payments means your total purchase payments minus a pro rata adjustment for any amounts you have withdrawn from the contract based on the percentage reduction to the contract value that resulted from the withdrawal.

For the 6-year period beginning on the sixth contract anniversary, the stepped-up death benefit will be the greater of (i) the contract value as of the sixth anniversary or (ii) net purchase payments made on or before the sixth anniversary. At the beginning of each later 6-year period (until the annuitant attains age 90), the stepped up

death benefit will be the greater of (i) the contract value on that date or (ii) the death benefit as of the last day of the preceding 6-year period. The stepped-up death benefit amount is increased by purchase payments and decreased pro rata by withdrawals made during each 6-year period after the sixth anniversary.

In those states where permitted, you may choose an optional annual stepped-up death benefit at the time the contract is issued. With that option, the death benefit will be increased in the manner indicated in the preceding paragraph, until the anniversary following the annuitant's 85th birthday, on each contract anniversary on which the contract value exceeds the death benefit for the previous year. There is an additional annual charge (presently at an annual rate of 0.10% of the optional death benefit amount, which rate may be increased to no more than 0.25% on contracts issued in the future) for this optional benefit. Any increase in this charge will not apply to contracts issued before the increase occurs.

In those states where permitted, you may choose the GMDB or GMDB Plus at the time the contract is issued. With this option, the death benefit is the greater of (a) the contract value on the date of death or (b) the GMDB amount. The GMDB amount is (i) your total purchase payments minus any amounts you have withdrawn from the contract plus (ii) a daily increase, until the annuitant attains age 80 (or age 85 for the GMDB Plus), at an effective annual rate of 6%, but values in the Money Market portfolio or the Guaranteed Account will earn the rate being credited to the Money Market portfolio or Guaranteed Account on those days in which the values are so allocated. This total death benefit amount shall not exceed two times (i). Any withdrawals in a contract year equal to or less than 6% or 4%, as applicable, of the GMDB amount as of the beginning of that year will reduce the GMDB amount by the amount of such withdrawals. There is no maximum benefit amount for the GMDB Plus. Any withdrawals in a contract year in excess of 6% or 4%, as applicable, of the GMDB amount as of the beginning of that year will reduce the GMDB and maximum death benefit amounts pro rata. In other words, under the pro rata adjustment, the guaranteed minimum death benefit amount will reduce by the same percentage reduction of the contract value that resulted from the withdrawal. There is an additional annual charge for this option of 0.25% of the GMDB amount, or 0.45% for the GMDB Plus amount.

The only difference between the GMDB and GMDB Plus is that the increase for the GMDB Plus continues to age 85, has no maximum benefit amount and costs more than the standard GMDB.

- 25% of the lesser of (a) two times net purchase payments or (b) the contract value on the date of death minus net purchase payments; or
- 40% of the lesser of (a) two and a half times net purchase payments, or (b) the contract value on the date of death minus net purchase payments. This is the GEB "Plus."

For the regular GEB option, there is an additional annual charge of 0.15% of the variable contract value (or 0.30% if you are age 71 to 75 when your contract is issued). If you choose the GEB "Plus," the charge is 0.30% (or 0.60% for issue ages 71 to 75). After the contract has been in effect for 6 months, any purchase payments made within 6 months before the date of death will not be included for calculating the amount of this benefit. You may choose GEB in addition to one of the other death benefit options.

The beneficiary for any death proceeds may choose to wait up to 5 years to surrender the contract for the then contract surrender value. If the beneficiary is the deceased annuitant's spouse, he or she may continue the contract as the new owner and annuitant, and the 5-year limit will not apply.

### **Guaranteed Account**

The Guaranteed Account guarantees a fixed return for a specified period of time and guarantees the principal against loss. We may also refer to the Guaranteed Account as the Fixed Account or the Fixed Accumulation Account. The Guaranteed Account is not registered as an investment company. Interests in it are not subject to the provisions or restrictions of federal securities laws. The staff of the Securities and Exchange Commission has not reviewed disclosures regarding it. We invest our general assets at our discretion as allowed by Ohio law.

The Guaranteed Account consists of all of our general assets other than those allocated to a separate account. If the Guaranteed Account is available on your contract, you may allocate purchase payments and contract values between the Guaranteed Account and the Funds. There might be periods when we will not make the Guaranteed Account available on new contracts.

The amount of investment income allocated to the contracts varies from year to year at our sole discretion. However, we guarantee that we will credit interest at a rate of not less than 3% per year (or such lower rate as may be permitted by applicable state law), compounded annually, to contract values allocated to the Guaranteed Account. We may credit interest at a rate in excess of 3% or in excess of the guaranteed minimum interest rate allowed by state law, but any such excess interest credit will be in our sole discretion.

We guarantee that, before annuity payments begin, the value of a contract in a Guaranteed Account will never be less than:

- the amount of purchase payments allocated to, and transfers into, the Guaranteed Account, plus
- interest credited at the rate of 3% per year (or such other rate that will be indicated in the contract) compounded annually, plus
- any additional excess interest we may credit to guaranteed values, minus
- any withdrawals, loans and transfers from the guaranteed values, minus
- any surrender charge on withdrawals, loan interest, state premium taxes, transfer fees, and the portion of the \$30 annual contract administration charge allocable to the Guaranteed Account.

No deductions are made from the Guaranteed Account for Account Expenses or Mortality and Expense Risk Charges. Insurance risk charges for optional benefit riders are taken pro rata from the Guaranteed Account and variable subaccounts.

Other than pursuant to a DCA (scheduled transfer) or portfolio rebalancing program, we may restrict transfers of your Guaranteed Account value during a contract year to not more than 20% of that value as of the beginning of a contract year (or \$1,000, if greater). As provided by state law, we may defer the payment of amounts to be withdrawn from the Guaranteed Account for up to six months from the date we receive your written request for withdrawal.

### **Ohio National Life Employee Discount**

We and our affiliated companies offer a credit on the purchase of contracts by any of our employees, directors or retirees, or their spouse or the surviving spouse of a deceased retiree, their minor children, or any of their children ages 18 to 21 who is either (i) living in the purchaser's household or (ii) a full-time college student being supported by the purchaser, or any of the purchaser's minor grandchildren under the Uniform Gifts to Minors Act. This credit counts as additional income under the contract. The amount of the credit equals 2.5% of all purchase payments made in the first contract year and 3.9% of purchase payments made in the second through sixth contract years. We credit the Guaranteed Account in these amounts at the time the eligible person makes each payment. If an employee exercises his or her free look right, the full amount of the credit will be deducted when we pay the free look proceeds.

Additionally, the previously described surrender charge does not apply to surrender or withdrawals from contracts issued in connection with our executive officers' and directors' voluntary deferred compensation plan. We also reimburse any annual administration fees charged on these contracts.

## **Annuity Period**

### **Annuity Payout Date**

Annuity payments begin on the annuity payout date. You may select this date when the contract is issued. It must be at least 30 days after the contract date. You may change it from time to time so long as it is the first day

of any month at least 30 days after the date of such change. The contract restricts the annuity payout date to not later than the first of the month following the annuitant's 90th birthday. This restriction may be modified by applicable state law or we may agree to waive it.

The contracts include our guarantee that we will pay annuity payments for the lifetime of the annuitant (and any joint annuitant) in accordance with the contract's annuity rates, no matter how long you live.

Once annuity payments begin, you may not surrender the contract for cash except that, upon the death of the annuitant, the beneficiary may surrender the contract for the commuted value of any remaining period-certain payments.

### **Annuity Options**

You may elect one or more of the following annuity options. You may change the election anytime before the annuity payout date.

- Option 1(a): Life Annuity with installment payments for the lifetime of the annuitant. (The contract has no more value after the annuitant's death).
- Option 1(b): Life Annuity with installment payments guaranteed for five years and then continuing during the remaining lifetime of the annuitant.
- Option 1(c): Life Annuity with installment payments guaranteed for ten years and then continuing during the remaining lifetime of the annuitant.
- Option 1(d): Installment Refund Life Annuity with payments guaranteed for a period certain and then continuing during the remaining lifetime of the annuitant. The number of period-certain payments is equal to the amount applied under this option divided by the amount of the first payment.
- Option 2(a): Joint & Survivor Life Annuity with installment payments during the lifetime of the annuitant and then continuing during the lifetime of a contingent annuitant. (The contract has no more value after the second annuitant's death.)
- Option 2(b): Joint & Survivor Life Annuity with installment payments guaranteed for ten years and then continuing during the remaining lifetime of the annuitant or a contingent annuitant.

We may agree to other settlement options.

Unless you direct otherwise, we will apply the contract value as of the annuity payout date to provide annuity payments pro-rata from each Fund in the same proportion as the contract values immediately before the annuity payout date.

If no election is in effect on the annuity payout date, we will apply contract value under Option 1(c) with the beneficiary as payee for any remaining period-certain installments payable after the death of the annuitant. The Pension Reform Act of 1974 might require certain contracts to provide a Joint and Survivor Annuity. If the contingent annuitant is not related to the annuitant, Options 2(a) and 2(b) are available only if we agree.

### **Determination of Amount of the First Variable Annuity Payment**

To determine the first variable annuity payment we apply the contract value for each Fund in accordance with the contract's settlement option tables. The rates in those tables depend upon the annuitant's (and any contingent annuitant's) age and sex and the option selected. The annuitant's sex is not a factor in contracts issued to plans sponsored by employers subject to Title VII of the Civil Rights Act of 1964 or similar state statutes. We determine the value to be applied at the end of a valuation period (selected by us and uniformly applied) not more than 10 valuation periods before the annuity payout date.

If the amount that would be applied under an option is less than \$5,000, we will pay the contract value to the annuitant in a single sum. If the first periodic payment under any option would be less than \$25, we may change the frequency of payments so that the first payment is at least \$25.

## **Annuity Units and Variable Payments**

After your first annuity payment, later variable annuity payments will vary to reflect the investment performance of your Funds. The amount of each payment depends on the number of your annuity units. To determine the number of annuity units for each Fund, divide the dollar amount of the first annuity payment from each Fund by the value of that Fund's annuity unit. This number of annuity units remains constant during the annuity payment period unless you transfer among Funds.

The annuity unit value for each Fund was set at \$10 for the valuation period when the first variable annuity was calculated for these contracts. The annuity unit value for each later valuation period equals the annuity unit value for the immediately preceding valuation period multiplied by the net investment factor for such later valuation period and by a factor (0.999919 for a one-day valuation period) to neutralize the 3% assumed interest rate discussed below.

The dollar amount of each later variable annuity payment equals your constant number of annuity units for each Fund multiplied by the value of the annuity unit for the valuation period.

The annuity rate tables contained in the contracts are based on the 1983(a) Mortality Table Projected to 1996 under Scale G with compound interest at the effective rate of 3% per year. A higher interest assumption would mean a higher initial annuity payment but a more slowly rising series of subsequent annuity payments if annuity unit values were increasing (or a more rapidly falling series of subsequent annuity payments if annuity unit values were decreasing). A lower interest assumption would have the opposite effect. If the actual net investment rate were equal to the assumed interest rate, annuity payments would stay level.

## **Transfers During Annuity Payout**

After annuity payments have been made for at least 12 months, the annuitant can, once each calendar quarter, change the Funds on which variable annuity payments are based. There is no transfer fee during annuity payout. Transfers may not be made between guaranteed and variable accounts during annuity payout. On at least 30 days written notice to our home office we will change that portion of the periodic variable annuity payment as you direct to reflect the investment results of different Funds. The annuity payment immediately after a change will be the amount that would have been paid without the change. Later payments will reflect the new mix of Funds.

## **Optional Guaranteed Minimum Income Benefit ("GMIB")**

You may add a GMIB rider to your contract either at the time the contract is issued or on any contract anniversary. GMIB guarantees minimum lifetime fixed income in monthly annuity payments. You may not select the GMIB and the Guarantee Principal Access ("GPA") rider that we may offer. The amount of these payments is determined by applying the "guaranteed income base" to the annuity tables in the GMIB rider. The guaranteed income base is the greater of (a) your "guaranteed earnings income base," which is your total purchase payments, from the time the GMIB rider is issued until the GMIB payments begin or you reach age 85, accumulated at an annual rate of 6% or (b) your "step-up base," which is your highest total contract value as of any contract anniversary before the annuitant attains age 80. The guaranteed income base is reduced proportionately for any withdrawals. If the annuitant is age 76 to 80 when GMIB is purchased, the guaranteed annual rate is 4% instead of 6%. You may not purchase GMIB after the annuitant is age 80.

If the amount of annuity payments under the contract or under a single premium immediate annuity we offer at the time you elect to annuitize, would be greater than the amount of payments under the GMIB rider, we will pay the larger amounts.

If you choose GMIB, there is an annual charge, at the end of each contract year, of 0.45% of the guaranteed income base as of each contract anniversary. The charge for GMIB ends when you begin to receive annuity or GMIB payments. If you choose GMIB, you cannot later discontinue it. The annual charge for GMIB will continue even if the underlying Funds' investment performance surpasses the GMIB guarantees.

You may not begin to receive GMIB payments until the GMIB rider has been in effect for at least 10 years. If you choose to receive annuity payments as provided in the contract or under a single premium annuity we offer instead of receiving GMIB payments, your GMIB rider will then be of no further value to you. You may elect to receive GMIB payments within 30 days after the rider's 10th anniversary or within 30 days after any later anniversary before the annuitant is age 90. If the annuitant is age 80 when you purchase GMIB, your GMIB payments must begin on the rider's 10th anniversary.

The guaranteed income base is used solely for the purpose of calculating GMIB payments. It does not provide a contract value or guarantee performance of any investment option. The level of lifetime income guaranteed by GMIB may be less than the income that our current annuity factors would provide because, (a) GMIB payments assume a lower interest rate and (b) GMIB payments may be based on an assumption that you will live longer than the mortality assumed in our then-offered annuities.

In those states where permitted, we may also offer a GMIB "Plus" rider. You may not have both GMIB and GMIB Plus on the same contract and we may limit the availability of one or the other of the riders in any state. GMIB Plus is identical to GMIB except for these three differences:

- (1) For GMIB Plus, any withdrawals you make during a contract year equal to or less than the amount that the guaranteed earnings base has increased during that year will reduce the guaranteed earnings base dollar for dollar.
- (2) The step-up income base is your highest total contract value as of any anniversary before the annuitant attains age 85, rather than 80.
- (3) The annual charge for GMIB Plus is 0.55% of the guaranteed income base.

The effect of GMIB Plus is to allow you to withdraw an amount equal to the amount by which your guaranteed earnings base has grown without reducing the guaranteed earnings base below its amount as of the beginning of the current contract year. The GMIB Plus is more suitable for those contract owners wanting to access cash values for income immediately, provided only 6% is withdrawn yearly. In that event, your guaranteed earnings base would be reduced to the amount it was as of the beginning of the contract year. You could continue making such withdrawals year after year and the guaranteed earnings base would then remain at its original level if you make no other purchase payments or withdrawals. In contrast, the GMIB's pro rata deduction against the guaranteed earnings base could adversely impact the contract owners taking income in that the guaranteed amount is reduced more aggressively than with the GMIB Plus. In any event, the step-up base is adjusted pro rata for any withdrawals.

Tax qualified retirement plans and Individual Retirement Annuities have minimum distribution requirements. Participants may be required to begin receiving payments from a tax qualified contract before the rider's 10th anniversary. See "Federal Tax Status" and "Appendix A — IRA Disclosure Statement." You could be subject to tax penalties if you do not begin receiving GMIB payments after your required minimum distribution beginning date. Please consult your tax advisor to determine if GMIB is appropriate for you.

## Other Contract Provisions

### Assignment

Amounts payable in settlement of a contract may not be commuted, anticipated, assigned or otherwise encumbered, or pledged as loan collateral to anyone other than us. To the extent permitted by law, such amounts are not subject to any legal process to pay any claims against an annuitant before annuity payments begin. The owner of a tax-qualified contract may not, but the owner of a non-tax-qualified contract may, collaterally assign the contract before the annuity payout date. Ownership of a tax-qualified contract may not be transferred except to:

- the annuitant,
- a trustee or successor trustee of a pension or profit-sharing trust which is qualified under Section 401 of the Code,

- the employer of the annuitant provided that the contract after transfer is maintained under the terms of a retirement plan qualified under Section 403(a) of the Code for the benefit of the annuitant, or
- as otherwise permitted by laws and regulations governing plans for which the contract may be issued.

### **Reports and Confirmations**

Before the annuity payout date, we will send you quarterly statements showing the number of units credited to the contract by Fund and the value of each unit as of the end of the last quarter. In addition, as long as the contract remains in effect, we will forward any periodic Fund reports.

We will send you a written confirmation of your purchase payments, transfers and withdrawals. For regularly recurring transactions, such as dollar cost averaging and payroll deduction programs, we may confirm the transactions in a quarterly report. Review your statements and confirmations to verify their accuracy. You must report any error or inaccuracy to us within 30 days. Otherwise, we are not responsible for losses due to the error or inaccuracy.

### **Substitution for Fund Shares**

If investment in a Fund is no longer possible or we believe it is inappropriate to the purposes of the contract, we may substitute one or more other funds. Substitution may be made as to both existing investments and the investment of future purchase payments. However, no substitution will be made until we receive any necessary approval of the Securities and Exchange Commission. We may also add other Funds as eligible investments of VAA.

### **Contract Owner Inquiries**

Direct any questions to Ohio National Life, Variable Annuity Administration, P.O. Box 2669, Cincinnati, Ohio 45201; telephone 1-800-366-6654 (8:30 a.m. to 4:30 p.m., Eastern time).

### **Performance Data**

We may advertise performance data for the various Funds showing the percentage change in unit values based on the performance of the applicable Fund over a period of time (usually a calendar year). We determine the percentage change by dividing the increase (or decrease) in value for the unit by the unit value at the beginning of the period. This percent reflects the deduction of any asset-based contract charge but does not reflect the deduction of any applicable contract administration charge or surrender charge. The deduction of a contract administration charge or surrender charge would reduce any percentage increase or make greater any percentage decrease.

Advertising may also include average annual total return figures calculated as shown in the Statement of Additional Information. The average annual total return figures reflect the deduction of applicable contract administration charges and surrender charges as well as applicable asset-based charges.

We may also distribute sales literature comparing separate account performance to the Consumer Price Index or to such established market indexes as the Dow Jones Industrial Average, the Standard & Poor's 500 Stock Index, IBC's Money Fund Reports, Lehman Brothers Bond Indices, the Morgan Stanley Europe Australia Far East Index, Morgan Stanley World Index, Russell 2000 Index, or other variable annuity separate accounts or mutual funds with investment objectives similar to those of the Funds.

### **Federal Tax Status**

The following discussion of federal income tax treatment of amounts received under a variable annuity contract does not cover all situations or issues. It is not intended as tax advice. Consult a qualified tax adviser to apply the law to your circumstances. Tax laws can change, even for contracts that have already been issued. Tax law revisions, with unfavorable consequences, could have retroactive effect on previously issued contracts or on later voluntary transactions in previously issued contracts.

We are taxed as a life insurance company under Subchapter L of the Internal Revenue Code (the “Code”). Since the operations of VAA are a part of, and are taxed with, our operations, VAA is not separately taxed as a “regulated investment company” under Subchapter M of the Code.

The contracts are considered annuity contracts under Section 72 of the Code, which generally provides for taxation of annuities. Under existing provisions of the Code, any increase in the contract value is not taxable to you as the owner or annuitant until you receive it, either in the form of annuity payments, as contemplated by the contract, or in some other form of distribution. The owner of a non-tax qualified contract must be a natural person for this purpose. With certain exceptions, where the owner of a non-tax qualified contract is a non-natural person (corporation, partnership or trust) any increase in the accumulation value of the contract attributable to purchase payments made after February 28, 1986 will be treated as ordinary income received or accrued by the contract owner during the current tax year.

The income and gains within an annuity contract are generally tax deferred. Within a tax-qualified plan, the plan itself provides tax deferral. Therefore, the tax-deferred treatment otherwise available to an annuity contract is not a factor to consider when purchasing an annuity within a tax-qualified plan or arrangement.

As to tax-qualified contracts, the law does not now provide for payment of federal income tax on dividend income or capital gains distributions from Fund shares held in VAA or upon capital gains realized by VAA on redemption of Fund shares. When a non-tax-qualified contract is issued in connection with a deferred compensation plan or arrangement, all rights, discretions and powers relative to the contract are vested in the employer and you must look only to your employer for the payment of deferred compensation benefits. Generally, in that case, an annuitant will have no “investment in the contract” and amounts received by you from your employer under a deferred compensation arrangement will be taxable in full as ordinary income in the years you receive the payments.

When annuity payments begin, each payment is taxable under Section 72 of the Code as ordinary income in the year of receipt if you have neither paid any portion of the purchase payments nor previously been taxed on any portion of the purchase payments. If any portion of the purchase payments has been paid from or included in your taxable income, this aggregate amount will be considered your “investment in the contract.” You will be entitled to exclude from your taxable income a portion of each annuity payment equal to your “investment in the contract” divided by the period of expected annuity payments, determined by your life expectancy and the form of annuity benefit. Once you recover your “investment in the contract,” all further annuity payments will be included in your taxable income.

A withdrawal of contract values is taxable as ordinary income in the year received to the extent that the accumulated value of the contract immediately before the payment exceeds the “investment in the contract.” If you elect to withdraw any portion of your accumulated value in lieu of receiving annuity payments, that withdrawal is treated as a distribution of earnings first and only second as a recovery of your “investment in the contract.” Any part of the value of the contract that you assign or pledge to secure a loan will be taxed as if it had been a withdrawal and may be subject to a penalty tax.

There is a penalty tax equal to 10% of any amount that must be included in gross income for tax purposes. The penalty will not apply to a redemption that is:

- received on or after the taxpayer reaches age 59½;
- made to a beneficiary on or after the death of the annuitant;
- attributable to the taxpayer’s becoming disabled;
- made as a series of substantially equal periodic payments for the life of the annuitant (or joint lives of the annuitant and beneficiary);
- from a contract that is a qualified funding asset for purposes of a structured settlement;

- made under an annuity contract that is purchased with a single premium and with an annuity payout date not later than a year from the purchase of the annuity;
- incident to divorce, or
- taken from an IRA for a qualified first-time home purchase (up to \$10,000) or qualified education expenses.

Any taxable amount you withdraw from an annuity contract is automatically subject to 10% withholding unless you elect not to have withholding apply. If you elect not to have withholding apply to an early withdrawal or if an insufficient amount is withheld, you may be responsible for payment of estimated tax. You may also incur penalties under the estimated tax rules if the withholding and estimated tax payments are not sufficient. If you fail to provide your taxpayer identification number, any payments under the contract will automatically be subject to withholding. The Code required 20% withholding for distributions from contracts owned by tax-qualified plans.

### **Tax-Deferred Annuities**

Under the provisions of Section 403(b) of the Code, employees may exclude from their gross income purchase payments made for annuity contracts purchased for them by public educational institutions and certain tax-exempt organizations which are described in Section 501(c)(3) of the Code. You may make this exclusion to the extent that the aggregate purchase payments plus any other amounts contributed to purchase the contract and toward benefits under qualified retirement plans do not exceed certain limits in the Code. Employee contributions are, however, subject to social security (FICA) tax withholding. All amounts you receive under a contract, either in the form of annuity payments or cash withdrawal, will be taxed under Section 72 of the Code as ordinary income for the year received, except for exclusion of any amounts representing “investment in the contract.” Under certain circumstances, amounts you receive may be used to make a “tax-free rollover” into one of the types of individual retirement arrangements permitted under the Code. Amounts you receive that are eligible for “tax-free rollover” will be subject to an automatic 20% withholding unless you directly roll over such amounts from the tax-deferred annuity to the individual retirement arrangement.

With respect to earnings accrued and purchase payments made after December 31, 1988, for a contract set up under Section 403(b) of the Code, distributions may be paid only when the employee:

- attains age 59½,
- separates from the employer’s service,
- dies,
- becomes disabled as defined in the Code, or
- incurs a financial hardship as defined in the Code.

In the case of hardship, cash distributions may not exceed the amount of your purchase payments. These restrictions do not affect your right to transfer investments among the Funds and do not limit the availability of transfers between tax-deferred annuities.

### **Qualified Pension or Profit-Sharing Plans**

Under present law, purchase payments made by an employer or trustee, for a plan or trust qualified under Section 401(a) or 403 of the Code, are generally excludable from the employee’s gross income. Any purchase payments made by the employee, or which are considered taxable income to the employee in the year such payments are made, constitute an “investment in the contract” under Section 72 of the Code for the employee’s annuity benefits. Salary reduction payments to a profit sharing plan qualifying under Section 401(k) of the Code are generally excludable from the employee’s gross income up to certain limits in the Code, and therefore are not considered “investment in contract.”

The Code requires plans to prohibit any distribution to a plan participant prior to age 59½, except in the event of death, total disability, financial hardship or separation from service (special rules apply for plan terminations). Distributions generally must begin no later than April 1 of the calendar year following the year in which the

participant reaches age 70½. Premature distribution of benefits or contributions in excess of those permitted by the Code may result in certain penalties under the Code. (Special tax treatment, including capital gain treatment and 5-year forward averaging, may be available to those born before 1936.) If you receive such a distribution you may be able to make a “tax-free rollover” of the distribution less your “investment in the contract” into another qualified plan in which you are a participant or into one of the types of individual retirement arrangements permitted under the Code. Your surviving spouse receiving such a distribution may be able to make a tax-free rollover to one of the types of individual retirement arrangements permitted under the Code. Amounts received that are eligible for “tax-free rollover” will be subject to an automatic 20% withholding unless such amounts are directly rolled over to another qualified plan or individual retirement arrangement.

#### **Withholding on Annuity Payments**

Federal income tax withholding is required on annuity payments. However, recipients of annuity payments are allowed to elect not to have the tax withheld. This election may be revoked at any time and withholding would begin after that. If you do not give us your taxpayer identification number any payments under the contract will automatically be subject to withholding.

#### **Individual Retirement Annuities (IRAs)**

See IRA Disclosure Statement (Appendix A), following.

## Appendix A

### IRA Disclosure Statement

This statement is designed to help you understand the requirements of federal tax law which apply to your individual retirement annuity (IRA), your Roth IRA, your simplified employee pension IRA (SEPP-IRA) for employer contributions, your Savings Incentive Match Plan for Employees (SIMPLE) IRA, or to one you purchase for your spouse. You can obtain more information regarding your IRA either from your sales representative or from any district office of the Internal Revenue Service.

#### Free Look Period

The annuity contract offered by this prospectus gives you the opportunity to return the contract for a full refund within 10 days after it is delivered. This is a more liberal provision than is required in connection with IRAs. To exercise this “free-look” provision write or call our administrative office at the address shown below:

The Ohio National Life Insurance Company  
Variable Annuity Administration  
P. O. Box 2669  
Cincinnati, Ohio 45201  
Telephone: 1-800-366-6654 — 8:30 a.m. – 4:30 p.m. (Eastern time zone)

#### Eligibility Requirements

IRAs are intended for all persons with earned compensation whether or not they are covered under other retirement programs. Additionally if you have a non-working spouse (and you file a joint tax return), you may establish an IRA on behalf of your non-working spouse. A working spouse may establish his or her own IRA. A divorced spouse receiving taxable alimony (and no other income) may also establish an IRA.

#### Contributions and Deductions

Contributions to a traditional IRA will be deductible if you are not an “active participant” in an employer maintained qualified retirement plan or you have Adjusted Gross Income which does not exceed the “applicable dollar limit”. For a single taxpayer, the applicable dollar limitation is \$50,000, with the amount of IRA contribution which may be deducted reduced proportionately for Adjusted Gross Income between \$50,000-\$60,000. For married couples filing jointly, the applicable dollar limitation is \$75,000, with the amount of IRA contribution which may be deducted reduced proportionately for Adjusted Gross Income between \$75,000-\$80,000. There is no deduction allowed for IRA contributions when Adjusted Gross Income reaches \$60,000 for individuals and \$80,000 for married couples filing jointly. IRA contributions must be made by no later than the time you file your income tax return for that year.

Contributions made by your employer to your SEPP-IRA are excludable from your gross income for tax purposes in the calendar year for which the amount is contributed. Certain employees who participate in a SEPP-IRA will be entitled to elect to have their employer make contributions to their SEPP-IRA on their behalf or to receive the contributions in cash. If the employee elects to have contributions made on the employee’s behalf to the SEPP, those funds are not treated as current taxable income to the employee. Salary-reduction SEPP-IRAs (also called “SARSEPs”) are available only if at least 50% of the employees elect to have amounts contributed to the SEPP-IRA and if the employer has 25 or fewer employees at all times during the preceding year. New SAR SEPPs may no longer be established. Elective deferrals under a salary-reduction SEPP-IRA are subject to an inflation-adjusted limit which is \$15,000 for 2006.

The IRA maximum annual contribution and the associated tax deduction is limited to the lesser of: (1) \$4,000 in 2006 (increasing to \$5,000 in 2008) or (2) 100% of your earned compensation. Those age 50 or older may make an additional IRA contribution of \$1000 per year in 2006 and later. Contributions in excess of the deduction limits may be subject to penalty. See below.

Under a SEPP-IRA agreement, the maximum annual contribution which your employer may make on your behalf to a SEPP-IRA contract which is excludable from your income is the lesser of 25% of your salary or \$44,000. An employee who is a participant in a SEPP-IRA agreement may make after-tax contributions to the SEPP-IRA contract, subject to the contribution limits applicable to IRAs in general. Those employee contributions will be deductible subject to the deductibility rules described above. The Internal Revenue Service has reviewed the format of your SEPP-IRA and issued an opinion letter to us stating that it qualifies as a prototype SEPP-IRA.

The maximum tax deductible annual contribution that a divorced spouse with no other income may make to an IRA is the lesser of (1) \$4,000 or (2) 100% of taxable alimony. (See scheduled increases above.)

If you or your employer should contribute more than the maximum contribution amount to your IRA or SEPP-IRA, the excess amount will be considered an "excess contribution". You may withdraw an excess contribution from your IRA (or SEPP-IRA) before your tax filing date without adverse tax consequences. If, however, you fail to withdraw any such excess contribution before your tax filing date, a 6% excise tax will be imposed on the excess for the tax year of contribution.

Once the 6% excise tax has been imposed, an additional 6% penalty for the following tax year can be avoided if the excess is (1) withdrawn before the end of the following year, or (2) treated as a current contribution for the following year. (See Premature Distributions for penalties imposed on withdrawal when the contribution exceeds \$4,000).

An individual retirement annuity must be an annuity contract. In our opinion, the optional additional death benefits available under the contract are part of the annuity contract. There is a risk, however, that the Internal Revenue Service would take the position that one or more of the optional additional death benefits are not part of the annuity contract. In such a case, the charges for the optional additional death benefits would be considered distributions from the IRA and would be subject to tax, including penalty taxes. The charges for the optional additional death benefits would not be deductible. It is possible that the IRS could determine that optional death proceeds in excess of the greater of the contract value or net purchase payments are taxable to your beneficiary. Should the IRS so rule, we may have to tax report such excess death benefits as taxable income to your beneficiary. If the IRS were to take such a position, we would take all reasonable steps to avoid this result, including the right to amend the contract, with appropriate notice to you.

The contracts are not eligible for use in Puerto Rico IRAs.

### **IRA for Non-working Spouse**

If you establish an IRA for yourself, you may also be eligible to establish an IRA for your "non-working" spouse. In order to be eligible to establish such a spousal IRA, you must file a joint tax return with your spouse and if your non-working spouse has compensation, his/her compensation must be less than your compensation for the year. Contributions of up to \$8,000 may be made to the two IRAs if the combined compensation of you and your spouse is at least equal to the amount contributed. If requirements for deductibility (including income levels) are met, you will be able to deduct an amount equal to the least of (i) the amount contributed to the IRA's; (ii) \$8,000; or (iii) 100% of your combined gross income.

Contributions in excess of the contribution limits may be subject to penalty. See above under "Contributions and Deductions". If you contribute more than the allowable amount, the excess portion will be considered an excess contribution. The rules for correcting it are the same as discussed above for regular IRAs.

Other than the items mentioned in this section, all of the requirements generally applicable to IRAs are also applicable to IRAs established for non-working spouses.

### **Rollover Contribution**

Once every year, you may move any portion of the value of your IRA (or SEPP-IRA) to another IRA or bond. Withdrawals may also be made from other IRAs and contributed to this contract. This transfer of funds from one

IRA to another is called a “rollover” IRA. To qualify as a rollover contribution, the entire portion of the withdrawal must be reinvested in another IRA within 60 days after the date it is received. You are not allowed a tax-deduction for the amount of any rollover contribution.

A similar type of rollover to an IRA can be made with the proceeds of a qualified distribution from a qualified retirement plan or tax-sheltered annuity. Properly made, such a distribution will not be taxable until you receive payments from the IRA created with it. You may later roll over such a contribution to another qualified retirement plan. (You may roll less than all of a qualified distribution into an IRA, but any part of it not rolled over will be currently includable in your income without any capital gains treatment.)

### **Premature Distributions**

At no time can an interest in your IRA (or SEPP-IRA) be forfeited. The federal tax law does not permit you to use your IRA (or SEPP-IRA) as security for a loan. Furthermore, as a general rule, you may not sell or assign your interest in your IRA (or SEPP-IRA) to anyone. Use of an IRA (or SEPP-IRA) as security or assignment of it to another will invalidate the entire annuity. It then will be includable in your income in the year it is invalidated and will be subject to a 10% penalty tax if you are not at least age 59½ or totally disabled. (You may, however, assign your IRA (or SEPP-IRA) without penalty to your former spouse in accordance with the terms of a divorce decree.)

You may withdraw part of the value of your IRA (or SEPP-IRA). If a withdrawal does not qualify as a rollover, the amount withdrawn will be includable in your income and subject to the 10% penalty if you are not at least age 59½ or totally disabled or the withdrawal meets the requirements of another exception contained in the Code, unless you comply with special rules requiring distributions to be made at least annually over your life expectancy.

The 10% penalty tax does not apply to the withdrawal of an excess contribution as long as the excess is withdrawn before the due date of your tax return. Withdrawals of excess contributions after the due date of your tax return will generally be subject to the 10% penalty unless the excess contribution results from erroneous information from a plan trustee making an excess rollover contribution or unless you are over age 59½ or are disabled.

### **Distribution at Retirement**

Once you have attained age 59½ (or have become totally disabled), you may elect to receive a distribution of your IRA (or SEPP-IRA) regardless of when you actually retire. You may elect to receive the distribution in either one sum or under any one of the periodic payment options available under the contract. The distributions from your IRA under any one of the periodic payment options or in one sum will be treated as ordinary income as you receive them unless nondeductible contributions were made to the IRA. In that case, only earnings will be income.

### **Inadequate Distributions — 50% Tax**

Your IRA or SEPP-IRA is intended to provide retirement benefits over your lifetime. Thus, federal law requires that you either (1) receive a lump-sum distribution of your IRA by April 1 of the year following the year in which you attain age 70½ or (2) start to receive periodic payments by that date. If you elect to receive periodic payments, those payments must be sufficient to pay out the entire value of your IRA during your life expectancy (or over the joint life expectancies of you and your spouse). If the payments are not sufficient to meet these requirements, an excise tax of 50% will be imposed on the amount of any underpayment.

### **Death Benefits**

If you, (or your surviving spouse) die before starting required minimum distributions or receiving the entire value of your IRA (or SEPP-IRA), the remaining interest must be distributed to your beneficiary (or your surviving spouse's beneficiary) in one lump-sum within 5 years of death, or applied to purchase an immediate annuity for the beneficiary. This annuity must be payable over the life expectancy of the beneficiary beginning within one

year after your or your spouse's death. If your spouse is the designated beneficiary, he or she is treated as the owner of the IRA. If minimum required distributions have begun at the time of your death, the entire amount must be distributed over a period of time not exceeding your beneficiary's life expectancy. A distribution of the balance of your IRA upon your death will not be considered a gift for federal tax purposes, but will be included in your gross estate for purposes of federal estate taxes.

### **Roth IRAs**

Section 408A of the Code permits eligible individuals to contribute to a type of IRA known as a "Roth IRA." Contributions may be made to a Roth IRA by taxpayers with adjusted gross incomes of less than \$160,000 for married individuals filing jointly and less than \$110,000 for single individuals. Married individuals filing separately are not eligible to contribute to a Roth IRA. The maximum amount of contributions allowable for any taxable year to all Roth IRAs maintained by an individual is generally the same as the contribution limits for traditional IRAs (the limit is phased out for incomes between \$150,000 and \$160,000 for married and between \$95,000 and \$110,000 for singles). The contribution limit is reduced by the amount of any contributions made to a non-Roth IRA. Contributions to a Roth IRA are not deductible.

For taxpayers with adjusted gross income of \$100,000 or less, all or part of amounts in a non-Roth IRA may be converted, transferred or rolled over to a Roth IRA. Some or all of the IRA value will typically be includable in the taxpayer's gross income. Provided a rollover contribution meets the requirements for IRAs under Section 408(d)(3) of the Code, a rollover may be made from a Roth IRA to another Roth IRA.

**Under some circumstances, it may not be advisable to roll over, transfer or convert all or part of a non-Roth IRA to a Roth IRA. Persons considering a rollover, transfer or conversion should consult their own tax advisor.**

"Qualified distributions" from a Roth IRA are excludable from gross income. A "qualified distribution" is a distribution that satisfies two requirements: (1) the distribution must be made (a) after the owner of the IRA attains age 59½; (b) after the owner's death; (c) due to the owner's disability; or (d) for a qualified first time homebuyer distribution within the meaning of Section 72(t)(2)(F) of the Code; and (2) the distribution must be made in the year that is at least five years after the first year for which a contribution was made to any Roth IRA established for the owner or five years after a rollover, transfer or conversion was made from a non-Roth IRA to a Roth IRA. Distributions from a Roth IRA that are not qualified distributions will be treated as made first from contributions and then from earnings, and taxed generally in the same manner as distributions from a non-Roth IRA.

Distributions from a Roth IRA need not commence at age 70½. However, if the owner dies before the entire interest in a Roth IRA is distributed, any remaining interest in the contract must be distributed by December 31 of the calendar year containing the fifth anniversary of the owner's death subject to certain exceptions.

### **Savings Incentive Match Plan for Employees (SIMPLE)**

An employer may sponsor a plan allowing for employee salary deferral contributions with an additional employer contribution. SIMPLE plans may operate as a 401(k) or an IRA. Limits for employee contributions to a SIMPLE are \$10,000 in 2005. Employees age 50 and older may contribute an additional \$2,500 in 2006 (increasing to \$2,500 in 2006). Distributions from a SIMPLE are subject to restrictions similar to distributions from a traditional IRA. Additional terms of your SIMPLE are in a summary plan description distributed by your employer.

### **Reporting to the IRS**

Whenever you are liable for one of the penalty taxes discussed above (6% for excess contributions, 10% for premature distributions or 50% for underpayments), you must file Form 5329 with the Internal Revenue Service. The form is to be attached to your federal income tax return for the tax year in which the penalty applies. Normal contributions and distributions must be shown on your income tax return for the year to which they relate.

## Illustration of IRA Fixed Accumulations

Year	\$1000 Annual Contribution	\$1,000 One Time Contribution	Year	\$1000 Annual Contribution	\$1,000 One Time Contribution
1	\$ 1,020.00	\$1,020.00	36	\$ 53,034.25	\$2,039.87
2	\$ 2,060.40	\$1,040.40	37	\$ 55,114.94	\$2,080.67
3	\$ 3,121.61	\$1,061.21	38	\$ 57,237.24	\$2,122.28
4	\$ 4,204.04	\$1,082.43	39	\$ 59,401.98	\$2,164.73
5	\$ 5,308.12	\$1,104.08	40	\$ 61,610.02	\$2,208.02
6	\$ 6,434.28	\$1,126.16	41	\$ 63,862.22	\$2,252.18
7	\$ 7,582.97	\$1,148.68	42	\$ 66,159.47	\$2,297.22
8	\$ 8,754.63	\$1,171.65	43	\$ 68,502.66	\$2,343.16
9	\$ 9,949.72	\$1,195.08	44	\$ 70,892.71	\$2,390.02
10	\$11,168.71	\$1,218.98	45	\$ 73,330.56	\$2,437.82
11	\$12,412.09	\$1,243.36	46	\$ 75,817.18	\$2,486.58
12	\$13,680.33	\$1,268.23	47	\$ 78,353.52	\$2,536.31
13	\$14,973.94	\$1,293.59	48	\$ 80,940.59	\$2,587.04
14	\$16,293.42	\$1,319.46	49	\$ 83,579.40	\$2,638.78
15	\$17,639.28	\$1,345.85	50	\$ 86,270.99	\$2,691.56
16	\$19,012.07	\$1,372.77	51	\$ 89,016.41	\$2,745.39
17	\$20,412.31	\$1,400.23	52	\$ 91,816.74	\$2,800.30
18	\$21,840.56	\$1,428.23	53	\$ 94,673.07	\$2,856.31
19	\$23,297.37	\$1,456.79	54	\$ 97,586.53	\$2,913.44
20	\$24,783.32	\$1,485.93	55	\$100,558.26	\$2,971.71
21	\$26,298.98	\$1,515.65	56	\$103,589.43	\$3,031.14
22	\$27,844.96	\$1,545.96	57	\$106,681.22	\$3,091.76
23	\$29,421.86	\$1,576.88	58	\$109,834.84	\$3,153.60
24	\$31,030.30	\$1,608.42	59	\$113,051.54	\$3,216.67
25	\$32,670.91	\$1,640.59	60	\$116,332.57	\$3,281.00
26	\$34,344.32	\$1,673.40	61	\$119,679.22	\$3,346.62
27	\$36,051.21	\$1,706.87	62	\$123,092.81	\$3,413.55
28	\$37,792.23	\$1,741.01	63	\$126,574.66	\$3,481.82
29	\$39,568.08	\$1,775.83	64	\$130,126.16	\$3,551.46
30	\$41,379.44	\$1,811.35	65	\$133,748.68	\$3,622.49
31	\$43,227.03	\$1,847.58	66	\$137,443.65	\$3,694.94
32	\$45,111.57	\$1,884.53	67	\$141,212.53	\$3,768.84
33	\$47,033.80	\$1,922.22	68	\$145,056.78	\$3,844.22
34	\$48,994.48	\$1,960.66	69	\$148,977.91	\$3,921.10
35	\$50,994.37	\$1,999.87	70	\$152,977.47	\$3,999.52

Neither the values, nor any earnings on the values in this variable annuity policy are guaranteed. To the extent that amounts are invested in the Fixed Accumulation Account of the insurer, the principal is guaranteed as well as interest at the guaranteed rate contained in the policy. For purposes of this projection, an annual earnings rate of 2% has been assumed. Withdrawals from the policy will incur a surrender charge for 6 years after amounts are deposited into the policy as follows: Year 1-6%, Year 2-6%, Year 3-6%, Year 4-5%, Year 5-3%, Year 6-2%. See "Surrender Charge" in this prospectus for further information regarding application of the surrender charge.

## Appendix B

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
<b>Ohio National Fund</b>				
Money Market	1998	\$10.00	\$10.29	49,676
	1999	10.29	10.71	487,881
	2000	10.71	11.29	515,726
	2001	11.29	11.61	726,435
	2002	11.61	11.67	787,110
	2003	11.67	11.65	483,179
	2004	11.65	11.64	718,003
	2005	11.64	11.90	1,299,573
Equity	1999	10.00	10.83	746,946
	2000	10.83	10.02	1,874,476
	2001	10.02	9.09	2,343,298
	2002	9.09	7.32	2,332,617
	2003	7.32	10.48	2,772,163
	2004	10.48	11.67	3,704,388
	2005	11.67	12.27	4,292,293
Bond	1998	10.00	10.25	9,887
	1999	10.25	10.22	34,577
	2000	10.22	10.72	62,018
	2001	10.72	11.52	147,427
	2002	11.52	12.41	304,941
	2003	12.41	13.58	328,037
	2004	13.58	14.25	604,979
	2005	14.25	14.18	1,063,209
Omni	1998	10.00	9.41	28,181
	1999	9.41	10.39	71,697
	2000	10.39	8.76	99,309
	2001	8.76	7.55	91,519
	2002	7.55	5.78	74,721
	2003	5.78	7.23	91,379
	2004	7.23	7.67	249,892
	2005	7.67	8.33	236,240
S&P 500 Index	1998	10.00	11.18	70,846
	1999	11.18	13.91	382,424
	2000	13.91	12.46	622,336
	2001	12.46	10.70	662,230
	2002	10.70	8.21	598,915
	2003	8.21	10.40	664,592
	2004	10.40	11.37	647,913
	2005	11.37	11.77	843,939
International	1998	10.00	9.38	2,070
	1999	9.38	15.57	5,655
	2000	15.57	12.00	66,134
	2001	12.00	8.38	71,854
	2002	8.38	6.59	84,460
	2003	6.59	8.66	322,930
	2004	8.66	9.70	1,017,534
	2005	9.70	10.51	2,725,079

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
International Small Company	1999	\$10.00	\$15.12	5,267
	2000	15.12	10.45	48,950
	2001	10.45	7.32	55,262
	2002	7.32	6.17	52,385
	2003	6.17	9.41	62,867
	2004	9.41	11.27	91,275
	2005	11.27	14.41	265,950
Capital Appreciation	1998	10.00	9.87	12,436
	1999	9.87	10.41	88,690
	2000	10.41	13.57	115,152
	2001	13.57	14.75	247,596
	2002	14.75	11.68	287,639
	2003	11.68	15.22	271,812
	2004	15.22	16.97	390,386
Mid Cap Opportunity	2005	16.97	17.70	953,450
	1998	10.00	9.32	7,214
	1999	9.32	14.99	129,893
	2000	14.99	13.63	285,102
	2001	13.63	11.75	304,951
	2002	11.75	8.66	294,737
	2003	8.66	12.57	299,086
Capital Growth	2004	12.57	14.14	361,287
	2005	14.14	15.41	316,665
	1998	10.00	10.40	4,359
	1999	10.40	31.20	97,232
	2000	31.20	22.88	235,273
	2001	22.88	19.36	230,722
	2002	19.36	11.12	226,829
High Income Bond	2003	11.12	15.44	216,887
	2004	15.44	18.31	201,998
	2005	18.31	18.63	188,504
	1998	10.00	9.92	15,817
	1999	9.92	10.03	43,953
	2000	10.03	9.24	80,540
	2001	9.24	9.55	108,594
Blue Chip	2002	9.55	9.84	165,141
	2003	9.84	11.97	203,555
	2004	11.97	13.13	226,445
	2005	13.13	13.40	414,973
	1998	10.00	10.17	32,060
	1999	10.17	10.69	58,612
	2000	10.69	10.70	76,020
Millennium	2001	10.70	10.16	76,008
	2002	10.16	8.11	76,041
	2003	8.11	10.18	134,460
	2004	10.18	11.06	126,918
	2005	11.06	11.48	111,649
	2000	10.00	9.36	150,841
	2001	9.36	7.57	212,203
2002	7.57	5.05	241,120	
2003	5.05	6.89	360,171	
2004	6.89	7.57	343,161	
2005	7.57	7.51	242,251	

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
Aggressive Growth	2000	\$10.00	\$ 7.61	112,907
	2001	7.61	5.14	140,922
	2002	5.14	3.68	76,997
	2003	3.68	4.79	68,946
	2004	4.79	5.17	32,977
	2005	5.17	5.81	25,661
Small Cap Growth	2000	10.00	7.75	54,345
	2001	7.75	4.64	63,172
	2002	4.64	3.26	67,854
	2003	3.26	4.70	95,546
	2004	4.70	5.19	76,298
	2005	5.19	5.48	79,387
Nasdaq 100 Index	2000	10.00	6.05	46,885
	2001	6.05	4.04	105,531
	2002	4.04	2.51	192,327
	2003	2.51	3.68	276,066
	2004	3.68	4.01	403,259
	2005	4.01	4.03	1,060,246
Bristol	2002	10.00	7.85	9,173
	2003	7.85	10.31	9,401
	2004	10.31	11.10	12,661
	2005	11.10	12.32	381,338
Bryton Growth	2002	10.00	6.84	9,188
	2003	6.84	9.19	14,798
	2004	9.19	9.79	20,773
	2005	9.79	10.12	165,846
Balanced	2004	10.00	11.26	7,633
	2005	11.26	11.55	30,508
U.S. Equity	2004	10.00	11.64	28,484
	2005	11.64	12.54	72,503
Covered Call	2004	10.00	10.69	28,221
	2005	10.69	10.91	66,981
Target VIP	2005	10.00	10.13	3,605
Target Equity/Income	2005	10.00	10.12	30,860
<b>Dow Target Variable Fund LLC</b>				
<b>Dow Target 10 Portfolios</b>				
First Quarter	1999	10.00	10.21	21,069
	2000	10.21	10.30	23,291
	2001	10.30	9.85	24,143
	2002	9.85	8.72	14,343
	2003	8.72	10.82	37,842
	2004	10.82	11.07	31,655
	2005	11.07	10.28	24,235
Second Quarter	1999	10.00	10.21	16,520
	2000	10.21	10.37	26,576
	2001	10.37	10.07	22,941
	2002	10.07	9.32	12,414
	2003	9.32	11.85	30,998
	2004	11.85	11.97	30,100
	2005	11.97	11.56	31,140

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
Third Quarter	1999	\$10.00	\$ 8.87	30,287
	2000	8.87	9.17	34,206
	2001	9.17	8.78	32,826
	2002	8.78	7.96	35,258
	2003	7.96	9.82	63,987
	2004	9.82	10.06	74,755
	2005	10.06	9.43	78,645
Fourth Quarter	1999	10.00	9.25	63,617
	2000	9.25	10.00	13,715
	2001	10.00	9.75	14,100
	2002	9.75	9.12	10,579
	2003	9.12	11.19	48,093
	2004	11.19	11.21	24,956
	2005	11.21	10.61	22,574
<b>Dow Target 5 Portfolios</b>				
First Quarter	2000	10.00	11.22	227
	2001	11.22	10.75	65
	2002	10.75	9.18	0
	2003	9.18	11.03	996
	2004	11.03	12.10	995
	2005	12.10	11.73	1,190
Second Quarter	2000	10.00	12.37	297
	2001	12.37	10.95	221
	2002	10.95	9.82	146
	2003	9.82	12.00	276
	2004	12.00	13.19	146
	2005	13.19	12.67	145
Third Quarter	2000	10.00	11.77	62
	2001	11.77	11.05	62
	2002	11.05	9.77	20,766
	2003	9.77	11.12	1,957
	2004	11.12	11.89	2,704
	2005	11.89	9.52	3,341
Fourth Quarter	1999	10.00	8.51	946
	2000	8.51	9.20	956
	2001	9.20	9.41	1,206
	2002	9.41	8.78	3,179
	2003	8.78	10.40	1,828
	2004	10.40	10.98	1,023
	2005	10.98	9.52	876
<b>Dreyfus Variable Insurance Fund</b>				
Appreciation	2003	10.00	11.73	14,079
	2004	11.73	12.18	32,155
	2005	12.18	12.57	49,666

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
<b>Goldman Sachs Variable Insurance Trust</b>				
Goldman Sachs Growth and Income	1998	\$10.00	\$ 8.88	24,326
	1999	8.88	9.27	70,592
	2000	9.27	8.76	91,361
	2001	8.76	7.87	79,514
	2002	7.87	6.92	83,623
	2003	6.92	8.53	97,467
	2004	8.53	10.04	266,214
	2005	10.04	10.34	1,006,064
Goldman Sachs Structured U.S. Equity	1998	10.00	10.22	21,555
	1999	10.22	12.59	83,199
	2000	12.59	11.28	111,950
	2001	11.28	9.84	99,007
	2002	9.84	7.62	101,320
	2003	7.62	9.78	120,665
	2004	9.78	11.14	143,000
	2005	11.14	11.76	593,339
Goldman Sachs Capital Growth	1998	10.00	11.23	15,484
	1999	11.23	14.15	28,310
	2000	14.15	12.90	46,516
	2001	12.90	10.94	62,797
	2002	10.94	8.20	68,203
	2003	8.20	10.06	64,973
	2004	10.06	10.88	174,593
	2005	10.88	11.10	175,524
<b>Janus Aspen Series (Institutional Shares)</b>				
Large Cap Growth	1998	10.00	11.60	59,300
	1999	11.60	16.55	409,857
	2000	16.55	10.04	645,853
	2001	10.04	10.45	596,168
	2002	10.45	7.61	463,086
	2003	7.61	9.94	343,998
	2004	9.94	10.30	255,162
	2005	10.30	10.64	182,354
International Growth	1998	10.00	9.91	3,169
	1999	9.91	17.90	48,536
	2000	17.90	14.91	114,822
	2001	14.91	11.34	104,233
	2002	11.34	8.36	82,021
	2003	8.36	11.18	62,869
	2004	11.18	13.19	61,451
	2005	13.19	17.29	67,171
Worldwide Growth	1998	10.00	10.54	53,905
	1999	10.54	17.18	319,718
	2000	17.18	14.36	497,473
	2001	14.36	11.04	397,264
	2002	11.04	8.15	321,826
	2003	8.15	10.01	247,172
	2004	10.01	10.40	147,886
	2005	10.40	10.91	98,568

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
Balanced	1998	\$10.00	\$11.67	42,915
	1999	11.67	14.66	359,275
	2000	14.66	14.19	497,551
	2001	14.19	13.41	459,055
	2002	13.41	12.43	358,015
	2003	12.43	14.06	268,663
	2004	14.06	15.12	193,173
	2005	15.12	16.17	137,650
<b>Janus Aspen Series (Service Shares)</b>				
Large Cap Growth	2000	10.00	8.10	244,857
	2001	8.10	6.03	446,943
	2002	6.03	4.38	420,322
	2003	4.38	5.71	343,417
	2004	5.71	5.89	286,066
	2005	5.89	6.08	228,716
International Growth	2000	10.00	7.90	19,360
	2001	7.90	6.00	166,194
	2002	6.00	4.41	181,433
	2003	4.41	5.88	136,058
	2004	5.88	6.92	196,732
	2005	6.92	9.05	478,472
Worldwide Growth	2000	10.00	8.01	263,203
	2001	8.01	6.14	449,841
	2002	6.14	4.52	398,989
	2003	4.52	5.54	326,572
	2004	5.54	5.74	265,504
	2005	5.74	6.01	258,878
Balanced	2000	10.00	9.75	197,562
	2001	9.75	9.19	360,002
	2002	9.19	8.50	388,415
	2003	8.50	9.58	367,126
	2004	9.58	10.28	351,147
	2005	10.28	10.97	360,722
<b>J.P. Morgan Series Trust II</b>				
JPMorgan Small Company	1998	10.00	8.36	11,686
	1999	8.36	11.96	50,791
	2000	11.96	10.51	75,985
	2001	10.51	9.58	92,257
	2002	9.58	7.44	119,187
	2003	7.44	10.03	142,615
	2004	10.03	12.64	244,935
	2005	12.64	12.95	268,177
JPMorgan Mid Cap Value	2001	10.00	10.96	480
	2002	10.96	10.96	29,825
	2003	10.96	14.07	91,955
	2004	14.07	16.89	254,317
	2005	16.89	18.28	822,286

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
<b>Lazard Retirement Series</b>				
Lazard Retirement Small Cap	1999	\$10.00	\$ 9.31	1,275
	2000	9.31	11.17	9,081
	2001	11.17	13.13	60,187
	2002	13.13	10.72	147,305
	2003	10.72	14.57	156,880
	2004	14.57	16.59	229,934
	2005	16.59	17.10	216,601
Lazard Retirement Emerging Markets	1999	10.00	11.51	6,709
	2000	11.51	8.21	24,583
	2001	8.21	7.72	42,948
	2002	7.72	7.54	54,024
	2003	7.54	11.42	83,226
	2004	11.42	14.78	118,442
	2005	14.78	20.62	314,166
<b>UBS Series Trust</b>				
U.S. Allocation	1999	10.00	10.50	8,361
	2000	10.50	10.18	31,615
	2001	10.18	8.82	74,273
	2002	8.82	6.74	88,576
	2003	6.74	8.50	147,157
	2004	8.50	9.30	141,986
	2005	9.30	9.83	92,279
<b>MFS Variable Insurance Trust</b>				
MFS Investors Growth Stock	2001	10.00	10.72	3,466
	2002	10.72	7.68	12,078
	2003	7.68	9.33	38,894
	2004	9.33	10.08	38,931
	2005	10.08	10.41	49,450
MFS Mid Cap Growth	2001	10.00	11.11	320
	2002	11.11	6.23	12,149
	2003	6.23	8.43	31,657
	2004	8.43	9.56	42,864
	2005	9.56	9.74	50,988
MFS New Discovery	2001	10.00	11.56	13,022
	2002	11.56	7.81	21,801
	2003	7.81	10.33	24,472
	2004	10.33	10.87	19,767
	2005	10.87	11.32	49,231
MFS Total Return	2001	10.00	10.26	3,722
	2002	10.26	9.63	174,723
	2003	9.63	11.07	321,878
	2004	11.07	12.18	463,212
	2005	12.18	12.38	668,633

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
<b>Van Kampen Universal Institutional Funds (Class I)</b>				
Core Plus Fixed Income	1998	\$10.00	\$10.48	3,905
	1999	10.48	10.22	51,044
	2000	10.22	11.25	56,923
	2001	11.25	12.19	48,463
	2002	12.19	12.97	42,121
	2003	12.97	13.45	32,204
	2004	13.45	13.91	29,175
	2005	13.91	14.37	29,160
Value	1998	10.00	8.83	2,408
	1999	8.83	8.59	11,662
	2000	8.59	10.64	18,756
	2001	10.64	10.78	15,465
	2002	10.78	8.32	8,393
	2003	8.32	11.05	10,715
	2004	11.05	12.91	9,265
	2005	12.91	13.38	7,853
U.S. Real Estate	1998	10.00	8.97	0
	1999	8.97	8.76	13,366
	2000	8.76	11.22	25,564
	2001	11.22	12.22	15,975
	2002	12.22	12.01	12,813
	2003	12.01	16.37	31,222
	2004	16.37	22.13	46,568
	2005	22.13	25.67	65,805
Emerging Market Debt	1998	10.00	6.74	0
	1999	6.74	8.65	5,903
	2000	8.65	9.54	8,544
	2001	9.54	10.41	5,107
	2002	10.41	11.27	4,551
	2003	11.27	14.29	527
	2004	14.29	15.58	2,238
	2005	15.58	17.34	1,839
<b>Van Kampen Universal Institutional Funds (Class II)</b>				
Core Plus Fixed Income	2003	10.00	11.55	11,734
	2004	11.55	11.91	12,926
	2005	11.91	12.27	35,257
U.S. Real Estate	2003	10.00	12.82	14,316
	2004	12.82	17.29	115,803
	2005	17.29	20.00	372,174
<b>Old Mutual Insurance Series Fund (formerly PBHG Insurance Series Fund)</b>				
Technology & Communications	2000	10.00	5.35	75,715
	2001	5.35	2.53	135,208
	2002	2.53	1.15	111,881
	2003	1.15	1.66	140,033
	2004	1.66	1.75	116,967
	2005	1.75	1.91	101,242

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
<b>PIMCO Variable Insurance Trust</b>				
Real Return	2002	\$10.00	\$10.68	30,817
	2003	10.68	11.53	174,108
	2004	11.53	12.44	561,294
	2005	12.44	12.59	1,679,093
Total Return	2002	10.00	10.44	61,436
	2003	10.44	10.87	203,238
	2004	10.87	11.30	275,893
	2005	11.30	11.47	429,164
Global Bond	2002	10.00	10.70	5,341
	2003	10.70	12.14	48,795
	2004	12.14	13.30	81,063
	2005	13.30	12.31	195,504
<b>Prudential Series Fund</b>				
Jennison	2000	10.00	8.61	31,339
	2001	8.61	6.95	42,197
	2002	6.95	4.74	57,686
	2003	4.74	6.09	78,941
	2004	6.09	6.59	81,191
	2005	6.59	7.44	144,362
Jennison 20/20 Focus	2000	10.00	9.77	3,427
	2001	9.77	9.56	5,108
	2002	9.56	7.33	6,681
	2003	7.33	9.36	67,222
	2004	9.36	10.70	112,073
	2005	10.70	12.86	165,087
<b>Legg Mason Partners Variable Portfolios I, Inc. (formerly Salomon Brothers Variable Series Funds, Inc.)</b>				
All Cap	1998	10.00	10.70	2,810
	1999	10.70	12.50	15,238
	2000	12.50	15.18	19,554
	2001	15.18	15.33	58,830
	2002	15.33	11.38	60,895
	2003	11.38	15.68	67,026
	2004	15.68	16.84	93,302
	2005	16.84	17.36	114,467
Total Return	1998	10.00	10.04	4,958
	1999	10.04	10.03	29,385
	2000	10.03	10.72	33,657
	2001	10.72	10.54	52,597
	2002	10.54	9.73	55,689
	2003	9.73	11.18	51,447
	2004	11.18	12.05	49,135
	2005	12.05	12.33	39,870

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
Investors	1998	\$10.00	\$10.17	6,727
	1999	10.17	11.25	7,741
	2000	11.25	12.85	13,083
	2001	12.85	12.20	32,448
	2002	12.20	9.31	50,000
	2003	9.31	12.21	54,924
	2004	12.21	13.35	59,379
	2005	13.35	14.08	52,860
<b>Wells Fargo Advantage Variable Trust Funds (formerly Strong Variable Insurance Funds)</b>				
Discovery	1998	10.00	11.56	10,255
	1999	11.56	21.76	150,463
	2000	21.76	18.37	313,405
	2001	18.37	12.60	321,910
	2002	12.60	7.80	303,965
	2003	7.80	10.38	284,194
	2004	10.38	12.25	238,314
	2005	12.25	13.31	198,475
Opportunity	1998	10.00	9.57	10,471
	1999	9.57	12.80	43,944
	2000	12.80	13.52	124,830
	2001	13.52	12.90	180,541
	2002	12.90	9.36	225,389
	2003	9.36	12.71	212,892
	2004	12.71	14.89	183,977
	2005	14.89	15.92	155,307
Multi Cap Value	1998	10.00	9.42	1,865
	1999	9.42	9.07	16,693
	2000	9.07	9.69	11,183
	2001	9.69	10.00	9,575
	2002	10.00	7.62	8,108
	2003	7.62	10.45	8,927
	2004	10.45	12.09	6,857
	2005	12.09	13.96	7,453
<b>Fidelity Variable Insurance Products Fund</b>				
VIP ContraFund®	2000	10.00	9.26	44,969
	2001	9.26	8.03	157,198
	2002	8.03	7.19	209,793
	2003	7.19	9.14	368,098
	2004	9.14	10.43	597,830
	2005	10.43	12.06	1,228,615
VIP MidCap	2000	10.00	11.18	35,810
	2001	11.18	10.69	133,190
	2002	10.69	9.54	219,089
	2003	9.54	13.06	307,771
	2004	13.06	16.14	447,592
	2005	16.14	18.88	680,743
VIP Equity-Income	2003	10.00	10.82	66,206
	2004	10.82	11.92	560,379
	2005	11.92	12.48	113,923

	<u>Year Ended December 31</u>	<u>Unit Value at Beginning of Year</u>	<u>Unit Value at End of Year</u>	<u>Number of Units at End of Year</u>
VIP Growth	2000	\$10.00	\$ 8.48	42,519
	2001	8.48	6.90	134,439
	2002	6.90	4.77	201,437
	2003	4.77	6.26	246,113
	2004	6.26	6.40	260,661
	2005	6.40	6.69	256,585
<b>Alliance Variable Products Series</b>				
Growth & Income	2001	10.00	9.85	12,170
	2002	9.85	7.59	10,093
	2003	7.59	9.94	9,831
	2004	9.94	10.96	6,254
	2005	10.96	11.36	5,785
Small Cap Growth	2001	10.00	11.67	1,865
	2002	11.67	7.86	1,733
	2003	7.86	11.57	1,766
	2004	11.57	13.12	1,668
	2005	13.12	13.64	1,693
Global Bond	2001	10.00	9.40	10,060
	2002	9.40	10.87	9,238
	2003	10.87	12.18	9,103
	2004	12.18	13.20	8,961
	2005	13.20	12.05	8,959
<b>Royce Capital Fund</b>				
Small Cap	2003	10.00	10.00	136,253
	2004	10.00	17.34	302,187
	2005	17.34	18.66	604,546
Micro-Cap	2003	10.00	14.73	47,410
	2004	14.73	16.62	148,433
	2005	16.62	18.38	251,572

## Statement of Additional Information Contents

Custodian

Independent Registered Public Accounting Firm

Underwriter

Calculation of Money Market Yield

Total Return

Loans under Tax-sheltered Annuities

Financial Statements







- Not a Deposit
- Not FDIC insured
- May lose value
- No financial institution guarantee



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