

May 1, 2021

State Farm Life Insurance Company

**P R O S P E C T U S**

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Variable Deferred Annuity

# profile

Profile Dated May 1, 2021

## STATE FARM VARIABLE DEFERRED ANNUITY POLICY

### STATE FARM LIFE INSURANCE COMPANY VARIABLE ANNUITY SEPARATE ACCOUNT OF STATE FARM LIFE INSURANCE COMPANY

P.O. Box 2307  
Bloomington, Illinois 61702-2307  
Telephone: (888) 702-2307 (Toll free)

***This profile is a summary of some of the more important points that you should know and consider before purchasing a policy. The full prospectus that accompanies this profile more fully describes the policy. Please read that prospectus carefully and retain it for future reference.***

“We,” “us,” “our,” and “State Farm” refer to State Farm Life Insurance Company.

“You” and “your” refer to the owner of a Policy.

## 1. What Is The Policy?

The Policy is a contract between you and State Farm Life Insurance Company. State Farm designed the Policy to be both an investment vehicle and a source of lifetime retirement income. You purchase the Policy by paying an initial premium and you may add money to your Policy when you can. When you want annuity income payments to begin, you choose an “Annuity Date,” and we will start sending you payments. This profile also discusses other ways to access your money.

The Policy permits you to allocate premiums to six subdivisions, or “Subaccounts,” of the State Farm Life Insurance Company Variable Annuity Separate Account (the “Variable Account”). Each Subaccount invests in a corresponding fund of BlackRock Variable Series Funds, Inc. or BlackRock Variable Series Funds II, Inc. (each, a “Fund”). The value of the premiums you allocate to the Funds will fluctuate depending on market conditions. Therefore, you bear the investment risk on your Policy value in the Funds. If you allocate premiums to our fixed account (the “Fixed Account”), we will guarantee principal and interest. The Policy value you accumulate before the Annuity Date will determine the amount of annuity income payments you receive.

The Policy offers important features. The Funds are professionally managed. Your earnings generally grow tax-free until withdrawn, but if you withdraw money before you are 59½ years old, you may have to pay a 10% federal tax penalty in addition to any income taxes. When you decide you want to start receiving annuity income payments, you can choose an annuity income option that will provide you with a lifetime income.

If you participate in a tax-qualified retirement plan, federal income tax deferral is provided by the tax-qualified retirement plan. No additional tax deferral is provided by an annuity. Therefore, if you are considering purchasing a tax-qualified Policy, you should contact your attorney or tax advisor regarding suitability of the Policy for your situation.

## 2. What Are My Annuity Options?

When you want to begin receiving annuity income payments, you can choose from four annuity income options:

*Life annuity* — You will receive income payments as long as the Annuitant lives (for example, if you have named yourself as the Annuitant, you will receive income payments for as long as you live).

*Life annuity with certain period* — You will receive income payments as long as the Annuitant lives or to the end of the certain period, if longer.

*Joint and last survivor life annuity* — You will receive income payments as long as the Annuitant or a second designated person (such as your spouse) is alive.

*Fixed year annuity* — You will receive income payments for the number of years you select.

We will use the money you accumulate under your Policy to provide annuity income payments.

You tell us how much of your money to apply to fixed annuity income payments and how much to apply to variable annuity income payments. We will allocate Policy value that you apply to provide fixed annuity income payments to the Fixed Account. Under the fixed annuity income payment option, the income payments will never be less than the minimum payment stated in the Policy and the amount of each annuity income payment will be the same.

We will allocate Policy value that you apply to provide variable annuity income payments to the Funds you select, and the amount of each annuity income payment will vary according to the investment performance of those Funds.

## 3. How Do I Purchase A Policy?

In 2008, State Farm discontinued offering the Policy. We continue to service the existing Policies as well as accept additional premiums into existing Policies. Please contact the Variable Operation Center for further information.

## 4. What Are My Allocation Options?

There are seven different allocation options under the Policy. You can allocate premiums to one or more of the six Subaccounts of the Variable Account. Each Subaccount, in turn, invests in a corresponding Fund of the BlackRock Variable Series Funds, Inc. or the BlackRock Variable Series Funds II, Inc. The six Funds are:

- BlackRock Government Money Market V.I. Fund
- BlackRock International Index V.I. Fund
- BlackRock 60/40 Target Allocation ETF V.I. Fund
- BlackRock S&P 500 Index V.I. Fund
- BlackRock Small Cap Index V.I. Fund
- BlackRock Total Return V.I. Fund

You can also allocate premiums to the Fixed Account. We will pay you interest on your Policy Accumulation Value in the Fixed Account at an effective annual rate of at least 3%.

## 5. What Are The Expenses Under The Policy?

**Insurance Charges.** Once each Policy Year, we deduct a \$30 Annual Administrative Fee (some state exceptions apply which results in a lower fee in those states). We currently may waive this charge if the amount of total premiums you have paid is at least \$50,000. We also deduct a daily mortality and expense risk charge from the assets of the Variable Account, currently equal on an annual basis to 1.15% (and guaranteed under the Policy not to exceed an annual rate of 1.25%).

**Surrender Charge.** State Farm may deduct a surrender charge (1) when you make a withdrawal or surrender the Policy, (2) when you take annuity income payments, or (3) when we pay proceeds upon your death (unless you are also the Annuitant). We will not deduct a surrender charge on annuitization if the Policy has been in force at least five Policy

Years and if the payments are made under a “life annuity,” “life annuity with certain period,” or a “joint and last survivor life annuity.” We do not deduct a surrender charge when a Death Benefit is paid upon the Annuitant’s death, regardless of how many Policy Years have elapsed or how the Death Benefit is paid. We calculate the surrender charge as a percentage of the amount withdrawn or surrendered. The applicable percentage is 7% in the first Policy Year, and declines by 1% in each following Policy Year, until it reaches 0% in the eighth Policy Year.

**Fund Expenses.** There are Fund expenses, which, as of December 31, 2020, ranged on an annual basis from 0.16% to 0.71% of the average daily value of the net assets in the Funds.

The following chart is designed to help you understand the costs of investing under the Policy.

The column “Total Annual Insurance Charges” shows the total of the \$30 Annual Administrative Fee (which, for purposes of the chart, is assumed to be 0.10%, computed by dividing the total amount of Annual Administrative Fees collected during 2020 by the total average Policy Accumulation Value for 2020) and the 1.25% maximum mortality and expense risk charge. (The mortality and expense risk charge currently charged is 1.15% and the maximum guaranteed charge permitted under the Policy is 1.25%). The column “Total Annual Fund Expenses” shows the investment charges for each Fund (before waiver or reimbursement). The column “Total Annual Charges and Expenses” shows the combined total of the Total Annual Insurance Charges and Total Annual Fund Expenses columns.

The next two columns show you two examples of the costs of investing under a Policy based on a \$10,000 investment. The examples assume that the Annual Administrative Fee is 0.10% (computed by dividing the total amount of Annual Administrative Fees collected during 2020 by the total average Policy Accumulation Value for 2020) and that your Policy earns 5% annually before charges. Because the example assumes a one

<u>Fund</u>	<u>Total Annual Insurance Charges</u>	<u>Total Annual Fund Expenses</u>	<u>Total Annual Charges and Expenses</u>	<u>Your costs of investing if you surrender or annuitize your Policy at the end of 1 year</u>	<u>All costs of investing excluding surrender charges, over a 10 year period</u>
BlackRock Government Money Market V.I. Fund	1.35%	0.65%	2.00%	\$928	\$2,375
BlackRock International Index V.I. Fund	1.35%	0.43%	1.78%	\$907	\$2,138
BlackRock 60/40 Target Allocation ETF V.I. Fund	1.35%	0.71%	2.06%	\$934	\$2,438
BlackRock S&P 500 Index V.I. Fund	1.35%	0.16%	1.51%	\$881	\$1,840
BlackRock Small Cap Index V.I. Fund	1.35%	0.29%	1.64%	\$894	\$1,985
BlackRock Total Return V.I. Fund	1.35%	0.70%	2.05%	\$933	\$2,428

time \$10,000 investment, it does not include any transfer processing fees, or Additional Deposit Rider Charge. For more information about the expenses under the Policy, refer to the “Fee Table” in the full prospectus that accompanies this Profile.

## 6. How Will My Investment in The Policy Be Taxed?

You should consult a qualified tax adviser with regard to your Policy. Generally, taxation of earnings under variable annuities is deferred until amounts are withdrawn and distributions made. The deferral of taxes on earnings under variable annuity policies is designed to encourage long-term personal savings and supplement retirement plans. The taxable portion of a withdrawal or distribution is taxed as ordinary income and in certain circumstances also may be subject to a 10% federal tax penalty.

## 7. How Do I Access My Money?

Prior to the Annuity Date, you can choose among several different options if you want to take money out of your Policy:

- You can withdraw part of your money (a surrender charge may apply).
- You can surrender the Policy, taking the proceeds as a single lump sum payment or applying the proceeds to an annuity income option (a surrender charge may apply).
- You can also take withdrawals using our systematic withdrawal program (a surrender charge may apply).

After the Annuity Date, if you have selected the “fixed year” annuity option, you may request withdrawals.

The amount of the surrender charge that may apply to withdrawals and surrenders you take before the Annuity Date ranges from 7% of the amount withdrawn or surrendered in the first Policy Year to 0% in the eighth Policy Year.

Withdrawals and surrenders may be subject to income tax and to a tax penalty. Withdrawals and surrenders from certain tax-qualified Policies may be restricted.

## 8. How Is The Performance of The Policy Presented?

The value of your Policy will fluctuate depending on the investment performance of the Funds in which your selected Subaccounts invest. State Farm may advertise or include in sales literature yields, effective yields and total returns for the Subaccounts. Effective yields and total returns for the Subaccounts are based on the investment performance of the corresponding Portfolio of the Funds. **These figures are based on historical earnings and do not indicate or project future performance.** We may also advertise or include in sales literature a Subaccount’s performance compared to certain performance rankings and indexes

compiled by independent organizations, and we may present performance rankings and indexes without such a comparison.

## 9. Does The Policy Have A Death Benefit?

The Policy offers a Death Benefit if the Annuitant dies before the Annuity Date. We will determine the Death Benefit amount using Accumulation Unit Values as of the end of the Valuation Period during which we receive all of the documents needed to deem a Death Benefit claim in Good Order.

The Death Benefit amount will be the greater of:

- (1) the sum of all premiums paid **less** any withdrawals and any applicable surrender charges on those withdrawals; or
- (2) the Policy Accumulation Value.

If the Annuitant is under age 80 when the Policy is issued and dies on or after the first Policy Anniversary, then the Death Benefit amount will be the greatest of (1) or (2) above, or:

- (3) the Maximum Anniversary Value on the Policy Anniversary on or immediately preceding the date we receive all required documents, **plus** any premiums received on or after that Policy Anniversary, **less** any withdrawals and applicable surrender charges deducted on or after that Policy Anniversary.

The Maximum Anniversary Value, which is determined on each Policy Anniversary, is a calculation involving Policy Accumulation Values, premium payments, withdrawals and applicable surrender charges.

## 10. What Other Information Should I Know?

The Policy has several additional features, including the following:

**Free-Look Right to Cancel.** You have a “free-look right”; that is, the right to return the Policy to us at the Variable Operation Center and have us cancel the Policy within a certain number of days (usually 10 days from the date you receive the Policy, but some states require different periods). If you exercise this right, we will cancel the Policy as of the day of mailing or delivery and send you a refund equal to the greater of (1) the premiums paid under the Policy, or (2) your Policy Accumulation Value (without the deduction of a surrender charge). We allocate all premiums to the Fixed Account during the free-look period; solely for this purpose, we assume your free-look period starts 10 days after we issue your Policy.

State Farm discontinued sales of the Policy in 2008. It is no longer possible for you to exercise any free-look right. The description of the free-look right above is provided for informational purposes only.

**Transfers.** On or before the Annuity Date, you may transfer Policy value from one Subaccount to another Subaccount(s) or to the Fixed Account. The minimum amount of Policy value that may be transferred from a Subaccount is \$250, or, if less, the entire Policy value in that Subaccount. You may also transfer Policy value from the Fixed Account to another Subaccount(s), but only once each Policy Year and only during the 30-day period following the end of each Policy Year. The maximum amount that you may transfer from the Fixed Account is generally the greater of 25% of the Policy value in the Fixed Account or \$1,000.

After the Annuity Date the only type of transfer permitted is a transfer of annuity units from one Subaccount to another Subaccount. This is limited to four transfers per year and only applies if variable annuity income payments have been elected.

**Dollar-Cost Averaging Program.** Our dollar-cost averaging program permits you to systematically transfer a set dollar amount from the Subaccount investing in the BlackRock Government Money Market V.I. Fund or the Subaccount investing in the BlackRock Total Return V.I. Fund to any Subaccounts and/or the Fixed Account, subject to certain limitations.

**Portfolio Rebalancing Program.** The Portfolio Rebalancing program will reallocate on a periodic basis your Policy value

among the Subaccounts to return to the percentages you have chosen. Certain limitations apply.

**Interest Advantage Program.** The Interest Advantage program provides an automatic quarterly transfer of an amount equal to the interest earned on monies allocated to the Fixed Account to any Subaccounts. Certain limitations apply.

**Systematic Withdrawal Program.** Our systematic withdrawal program provides an automatic monthly, quarterly, semi-annual or annual payment to you from the amounts you have accumulated in the Subaccounts and/or the Fixed Account. Surrender charges may apply and certain restrictions apply.

## 11. How Can I Make Inquiries?

If you need further information about the Policy, please write or call the Variable Operation Center. The address and telephone number of the Variable Operation Center is:

State Farm Variable Products  
Attn: Variable Operation Center  
One State Farm Plaza, B-2  
Bloomington, Illinois 61710-0001  
Telephone: (888) 702-2307 (Toll free)

You may also visit us online at [www.statefarm.com](http://www.statefarm.com).

# prospectus

PROSPECTUS DATED MAY 1, 2021  
STATE FARM VARIABLE DEFERRED ANNUITY POLICY  
STATE FARM LIFE INSURANCE COMPANY VARIABLE ANNUITY  
SEPARATE ACCOUNT  
OF STATE FARM LIFE INSURANCE COMPANY

P.O. Box 2307  
Bloomington, Illinois 61702-2307  
Telephone: (888) 702-2307 (Toll free)

***Unless otherwise indicated, this prospectus describes the Policy's operation before the annuity date. Please refer to the Index of Terms for definitions of certain terms used in this prospectus.***

In 2008, State Farm Life Insurance Company ("State Farm," "we," "us," or "our") discontinued offering the individual variable deferred annuity policy (the "Policy") described in this prospectus. State Farm designed the Policy to be both an investment vehicle and a source of lifetime retirement income. The purchaser of a Policy (the "Owner," "Policy Owner," "you," or "your") determines the amount (which must be at least \$50) and timing of additional premium payments, and may allocate premiums and transfer Policy Accumulation Value

- to the State Farm Life Insurance Company Variable Annuity Separate Account (the "Variable Account"), and
- to State Farm's general account (the "Fixed Account").

The Variable Account is divided into subaccounts (each, a "Subaccount"). Each Subaccount invests in a corresponding investment portfolio of BlackRock Variable Series Funds, Inc. or BlackRock Variable Series Funds II, Inc. (each, a "Fund"). The Subaccounts invest in Class I shares of the Funds.

The Funds currently available under the Policy are:

- BlackRock Government Money Market V.I. Fund
- BlackRock International Index V.I. Fund
- BlackRock 60/40 Target Allocation ETF V.I. Fund
- BlackRock S&P 500 Index V.I. Fund
- BlackRock Small Cap Index V.I. Fund
- BlackRock Total Return V.I. Fund

The prospectuses for the Funds, which will be sent separately from this prospectus, describe the Funds, including the risks of investing.

The Policy provides for a Cash Surrender Value. Because this value is based on the performance of the Funds, to the extent of allocations to the Variable Account, there is no guaranteed Cash

Surrender Value or guaranteed minimum Cash Surrender Value. On any given day, the Cash Surrender Value could be more or less than the premiums paid. The Policy also permits withdrawals, within certain limits.

The Policy provides additional benefits including:

- four annuity income options
- a minimum Death Benefit upon the Annuitant's death
- dollar cost averaging, portfolio rebalancing, Interest Advantage, and systematic withdrawal programs.

This prospectus sets forth information about the Policy and the Variable Account that you should know before purchasing a Policy. Please read this prospectus carefully and retain it for future reference. The prospectuses for the Funds should be read in conjunction with this prospectus.

A Statement of Additional Information ("SAI") contains additional information about the Policy and the Variable Account. We filed the SAI with the Securities and Exchange Commission and the SAI is dated May 1, 2021. The SAI is incorporated herein by reference and is legally part of this prospectus. The Table of Contents for the SAI is on the last page of this prospectus. You may obtain a free copy of the SAI by writing to or calling State Farm at the address or phone number shown above or by going to [www.statefarm.com](http://www.statefarm.com). The SEC maintains an Internet site at <http://www.sec.gov> that contains the SAI, material incorporated by reference, and other information regarding other registrants that file electronically with the SEC.

**Interests in the Policies and shares of the Funds are not deposits or obligations of or guaranteed by a bank, and are not federally insured by the Federal Deposit Insurance Corporation or any other governmental agency. The Policies are subject to investment risks, including possible loss of principal. It may not be advantageous to replace an existing annuity contract or insurance policy with this Policy.**

**The SEC has not approved or disapproved the Policy or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

# table of

## Table of Contents

Index of Terms	2	Fund Expenses	14
Fee Table	4	Additional Deposit Rider Charge	14
EXAMPLE	5	6. How Will My Investment in the Policy be Taxed?	14
Condensed Financial Information	6	Introduction	14
1. What is the Policy?	7	Tax Status of the Policies	14
2. What are my Annuity Options?	7	Tax Treatment of Annuities	15
3. How Do I Purchase A Policy?	8	Taxation of Non-Qualified Policies	15
Free-Look Right to Cancel Policy	8	Taxation of Qualified Policies	16
Making Additional Premium Payments	8	Other Tax Consequences	17
Anti-Money Laundering Compliance	8	7. How Do I Access My Money?	18
4. What Are My Allocation Options?	9	Withdrawals	18
Subaccount Options	9	Surrenders	19
Fixed Account Option	9	Systematic Withdrawal Program	19
Transfers	9	Requesting Payments and Telephone Transactions	19
Dollar-Cost Averaging Program	11	8. How Is the Performance of the Policy Presented?	20
Portfolio Rebalancing Program	11	9. Does the Policy Have A Death Benefit?	21
Interest Advantage Program	11	10. What Other Information Should I Know?	22
Inquiring About Transactions	12	State Farm and the Variable Account Modification	24
Policy Accumulation Value	12	Distribution of the Policies	24
Cash Surrender Value	12	Legal Proceedings	24
Subaccount Policy Accumulation Value	12	Reports to Policy Owners	25
Accumulation Unit Value	12	The Compliance and Ethics Forum for Life Insurers	25
Net Investment Factor	12	Financial Statements	25
Fixed Policy Accumulation Value	12	11. How Can I Make Inquiries?	25
5. What are the Expenses Under the Policy?	12	Table of Contents of the Statement of Additional Information	26
Surrender Charge	13		
Annual Administrative Fee	13		
Transfer Processing Fee	13		
Monthly Payment Plan	13		
Mortality and Expense Risk Charge	13		

**The Policy may not be available in all jurisdictions.  
This prospectus constitutes an offering  
only in those jurisdictions where such offering  
may lawfully be made.**

# contents

## Index of Terms

**Accumulation Unit** — A unit of measure used to calculate Variable Policy Accumulation Value.

**Accumulation Unit Value** — The value of a Subaccount's Accumulation Unit. A Subaccount's Accumulation Unit Value varies to reflect the performance of the underlying Fund, and may increase or decrease from Valuation Day to Valuation Day.

**Annuitant** — The person whose life determines the Annuity Payments payable under the Policy and whose death determines the Death Benefit.

**Annuity Date** — You may choose this date, which can be no later than the Final Annuity Date. If a Death Benefit is payable and an annuity income option is chosen, the Annuity Date will be the date at the end of the Valuation Period during which we receive all required documents. Income payment intervals start on this date. The first annuity income payment is at the end of the first payment interval.

**Cash Surrender Value** — The Policy Accumulation Value less any applicable Surrender Charge and less any applicable Annual Administrative Fee.

**Code** — The United States Internal Revenue Code of 1986, as amended.

**Final Annuity Date** — The Policy Anniversary when the Annuitant is age 95 (85 in Pennsylvania).

**Fixed Account** — Part of our General Account to which you may transfer Policy Accumulation Value or allocate premium payments under a Policy.

**Fixed Annuity Payment** — An annuity income payment supported by our General Account. Under the fixed annuity income payment option, the income payments will never be less than the minimum payment stated in the Policy and the amount of each annuity income payment will be the same.

**Fixed Policy Accumulation Value** — The portion of the Policy Accumulation Value in the Fixed Account.

**Free-Look Period** — The time during which the Policy may be canceled for a return of all premiums paid or your Policy Accumulation Value, whichever is greater. The free-look period expires 10 days after receipt of the Policy. Some states may require a longer period. During the free-look period, State Farm allocates all premiums to the Fixed Account.

**Fund** — An investment portfolio of the BlackRock Variable Series Funds, Inc. or BlackRock Variable Series Funds II, Inc. and an underlying investment option under the Policy.

**General Account** — Our assets not allocated to the Variable Account or any other separate account.

**Good Order** — The actual receipt of the requested transaction in writing (or by telephone, if we have your telephone authorization on file), along with all information and supporting legal documentation necessary to effect the transaction. This information and documentation generally includes your completed application, the Policy number, the transaction amount (in dollars), the names of and allocations to and/or from the Subaccounts affected by the requested transaction, the signatures of all Policy Owners, exactly as registered on the Policy (unless the transaction is requested by proper telephone authorization), social security number or taxpayer I.D. and any other information or supporting documentation that we may require. With respect to premium payments, "Good Order" also generally includes receipt of sufficient funds by us to effect the transaction. We cannot process your requests for transactions relating to the Policy until we have received them in Good Order at our Variable Operation Center. We may, in our sole discretion, determine whether any particular transaction request is in Good Order, and we reserve the right to change or waive any Good Order requirements at any time.

**Initial Premium Payment** — The amount shown in the Policy that you paid on the Policy Date.

**Net Asset Value Per Share** — The value per share of any Fund on any Valuation Day. The prospectus for a Fund describes the method of computing the Net Asset Value Per Share.

**Payee** — If the Annuitant dies prior to the Annuity Date and a Death Benefit is payable, the payee is the beneficiary(ies) shown in the application, unless changed. If you surrender the Policy, the payee is the person(s) that you have named. A payee can be other than a natural person only if we agree.

**Policy Accumulation Value** — The sum of the Variable Policy Accumulation Value and the Fixed Policy Accumulation Value.

**Policy Date** — The effective date of this Policy. The Policy Date is the date we received the initial premium, except when we received the premium on the 29th, 30th, or 31st of any month. The Policy Date for those Policies is the 28th of that month.

**Policy Month, Quarter, Year, Or Anniversary** — Each Policy Month, Quarter, Year, or Anniversary is measured from the Policy Date.

**Request** — A written request signed by the person making the request. Such request must be sent to and received by us and be in a form acceptable to us. We may, in our sole discretion,

terms



accept telephone requests in connection with certain transactions, in accordance with rules and procedures we establish. Requests are not deemed received until they are received by the Variable Operation Center.

*SEC* — The United States Securities and Exchange Commission.

*Variable Operation Center* — State Farm Variable Products, Attn: Variable Operation Center, One State Farm Plaza, B-2, Bloomington, Illinois 61710-0001. Telephone: 1-888-702-2307 (toll free).

*Subaccount* — A subdivision of the Variable Account, the assets of which are invested in a corresponding Fund.

*Subaccount Policy Accumulation Value* — The portion of the Policy Accumulation Value in a Subaccount.

*Successor Owner* — Your Successor Owner is named in the application if you are not the Annuitant.

*Valuation Day* — Each day on which the New York Stock Exchange is open for regular trading except for a day that a Subaccount's corresponding Fund does not value its shares.

*Valuation Period* — The period that starts at the close of regular trading on the New York Stock Exchange (normally 4 pm Eastern Time) on any Valuation Day and ends at the close of regular trading on the next succeeding Valuation Day.

*Variable Account* — A separate account of ours consisting of Subaccounts to which you may allocate premium payments or transfer Policy Accumulation Value.

*Variable Annuity Payment* — An annuity income payment that may vary in amount from one payment to the next with the investment experience of one or more Subaccounts you have chosen to support such payments.

*Variable Policy Accumulation Value* — The sum of all Subaccount Policy Accumulation Values.

## Fee Table

The following tables describe the fees and expenses that a Policy Owner will pay when buying, owning, and surrendering the Policy. The first table describes the fees and expenses that a Policy Owner will pay at the time he or she buys the Policy, surrenders the Policy, or transfers Policy Accumulation Value between the Subaccounts and the Fixed Account. State premium taxes may also be deducted, where applicable.

### Transaction Expenses

Charge	Amount Deducted
Maximum Surrender Charge (as a percentage of the amount withdrawn or surrendered) (1)	7%
Transfer Processing Fee (2)	\$25 per transfer in excess of 12 transfers per Policy Year
Additional Deposit Rider Charge (3)	3% of the deposit plus the lesser of 2% of the deposit or \$100.

- (1) Surrender charges are calculated as a percentage of the amount withdrawn or surrendered. The applicable percentage is 7% in the first Policy Year, and declines by 1% in each following Policy Year, until it reaches 0% in the eighth Policy Year. After the first Policy Year, you may withdraw a portion of your Policy Accumulation Value without incurring a surrender charge. This amount is called the "Free Withdrawal Amount." The Free Withdrawal Amount is equal to 10% of your Policy Accumulation Value as of the previous Policy Anniversary. If the entire 10% is not withdrawn in a particular Policy Year, the unused Free Withdrawal Amount does not carry over to the next Policy Year. The total surrender charge we deduct cannot exceed 8 1/2% of the total premiums you have paid under the Policy. The surrender charge may be waived in certain additional circumstances. See the "What are the Expenses Under the Policy?—Surrender Charge" section of this prospectus.
- (2) A transfer charge is imposed on each transfer in a Policy Year in excess of 12 transfers, but we reserve the right to waive this charge.
- (3) The Additional Deposit Rider permits Policy owners of certain tax-qualified Policies to make a single premium payment of up to four times the Cash Surrender Value at the time you select an annuity income option in order to increase the amount of income payment under the annuity income option you select. This rider cannot be added after the issuance of the Policy.

The next table describes the fees and expenses that a Policy Owner will pay periodically during the time that he or she owns the Policy, not including Fund fees and expenses.

### Periodic Charges Other Than Fund Operating Expenses

Charge	Amount Deducted	
	Maximum	Current
Annual Administrative Fee (4)	\$30	
<b>Separate Account Annual Expenses:</b>		
Mortality and Expense Risk Charge (5)	1.25%	1.15%

- (4) Some state exceptions apply which results in a lower fee in those states. The Annual Administrative Fee may be waived if total premiums paid are at least \$50,000.
- (5) The current charge is the amount currently charged; the maximum charge is the maximum guaranteed amount permitted by the Policy.

The following table shows the minimum and maximum Total Annual Fund Operating Expenses (before waiver or reimbursement) charged by the Funds for the fiscal year ended December 31, 2020. Expenses of the Funds may be higher or lower in the future. More detail concerning each Fund's fees and expenses is contained in its prospectus.

## Annual Fund Operating Expenses

(expenses that are deducted from Fund assets):

	Minimum	Maximum
Total Annual Fund Operating Expenses (expenses that are deducted from Fund assets, including management fees, distribution and/or service (12b-1) fees, and other expenses before waiver or reimbursement)	0.16%	0.71%

## EXAMPLE

This Example is intended to help you compare the cost of investing in the Policy with the cost of investing in other variable annuity contracts. These costs include the Annual Administrative Fee, the maximum guaranteed Mortality and Expense Risk Charge, and the maximum Fund operating expenses (before waiver or reimbursement) reflected in the tables above.

The Example assumes that you invest \$10,000 in the Policy for the time periods indicated. The Example also assumes that your investment has a 5% return each year and assumes the maximum fees and expenses of any of the Funds. Because the example assumes a one-time \$10,000 investment, it does not include any transfer processing fees, or Additional Deposit Rider Charge. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

1. If you surrender or annuitize your Policy at the end of the stated time period:

	1 Year	3 Years	5 Years	10 Years
	\$934	\$1,152	\$1,445	\$2,438

2. If you do *not* surrender or annuitize your Policy at the end of the stated time period:

	1 Year	3 Years	5 Years	10 Years
	\$214	\$661	\$1,133	\$2,438

## Condensed Financial Information

The following table shows the value of an Accumulation Unit for each Subaccount and the number of outstanding Accumulation Units each year for the 10-year period ending December 31, 2020. Please read the information in conjunction with the financial statements, related notes and other financial information in the Statement of Additional Information.

	Year Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>BlackRock S&amp;P 500 Index V.I.*</b>										
Accumulation unit value at Beginning of period	\$35.76	\$27.54	\$29.18	\$24.25	\$21.96	\$21.96	\$19.60	\$15.02	\$13.13	\$13.04
Accumulation unit value at end of period	\$41.80	\$35.76	\$27.54	\$29.18	\$24.25	\$21.96	\$21.96	\$19.60	\$15.02	\$13.13
Number of Accumulation units Outstanding at end of period	9,761,660	10,487,638	11,242,755	12,005,908	12,797,781	13,788,187	14,689,067	15,689,037	16,798,118	18,222,082
<b>BlackRock Small Cap Index V.I.*</b>										
Accumulation unit value at Beginning of period	\$36.30	\$29.28	\$33.38	\$29.47	\$24.65	\$26.21	\$25.40	\$18.58	\$16.22	\$17.18
Accumulation unit value at end of period	\$43.00	\$36.30	\$29.28	\$33.38	\$29.47	\$24.65	\$26.21	\$25.40	\$18.58	\$16.22
Number of Accumulation units Outstanding at end of period	3,916,578	4,186,140	4,482,551	4,766,619	5,086,792	5,470,937	5,844,738	6,193,017	6,644,880	7,186,341
<b>BlackRock Total Return V.I.*</b>										
Accumulation unit value at Beginning of period	\$19.78	\$18.27	\$18.47	\$18.29	\$18.12	\$18.15	\$17.73	\$18.32	\$17.91	\$17.00
Accumulation unit value at end of period	\$21.29	\$19.78	\$18.27	\$18.47	\$18.29	\$18.12	\$18.15	\$17.73	\$18.32	\$17.91
Number of Accumulation units Outstanding at end of period	3,540,723	3,724,617	3,973,601	4,188,092	4,376,359	4,644,404	4,930,919	5,228,140	5,506,946	5,795,892
<b>BlackRock Government Money Market V.I.*</b>										
Accumulation unit value at Beginning of period	\$11.62	\$11.52	\$11.47	\$11.53	\$11.66	\$11.79	\$11.93	\$12.07	\$12.21	\$12.35
Accumulation unit value at end of period	\$11.52	\$11.62	\$11.52	\$11.47	\$11.53	\$11.66	\$11.79	\$11.93	\$12.07	\$12.21
Number of Accumulation units Outstanding at end of period	2,769,217	2,900,601	3,219,912	1,643,213	1,801,378	1,854,000	2,035,817	2,165,944	2,208,053	2,436,431
<b>BlackRock International Index V.I.*</b>										
Accumulation unit value at Beginning of period	\$19.54	\$16.26	\$19.06	\$15.37	\$15.41	\$15.77	\$16.95	\$14.18	\$12.15	\$14.05
Accumulation unit value at end of period	\$20.87	\$19.54	\$16.26	\$19.06	\$15.37	\$15.41	\$15.77	\$16.95	\$14.18	\$12.15
Number of Accumulation units Outstanding at end of period	4,821,209	5,127,963	5,454,016	5,754,331	6,090,626	6,420,329	6,697,003	6,985,553	7,370,227	7,872,931
<b>BlackRock 60/40 Target Allocation ETF V.I.*</b>										
Accumulation unit value at Beginning of period	\$29.18	\$24.31	\$25.27	\$22.43	\$21.03	\$21.04	\$19.45	\$16.68	\$15.23	\$14.85
Accumulation unit value at end of period	\$33.07	\$29.18	\$24.31	\$25.27	\$22.43	\$21.03	\$21.04	\$19.45	\$16.68	\$15.23
Number of Accumulation units Outstanding at end of period	2,090,108	2,207,283	2,359,223	2,510,648	2,619,204	2,804,362	2,980,375	3,085,920	3,270,035	3,486,832

\* As of October 29, 2018, the underlying funds in which the Subaccounts invested changed, the former underlying funds being investment portfolios of State Farm Variable Product Trust. The Subaccount currently investing in the BlackRock S&P 500 Index V.I. Fund formerly invested in the Large Cap Equity Index Fund; the Subaccount currently investing in the BlackRock Small Cap Index V.I. Fund formerly invested in the Small Cap Equity Index Fund; the Subaccount currently investing in the BlackRock Total Return V.I. Fund formerly invested in the Bond Fund; the Subaccount currently investing in the BlackRock Government Money Market V.I. Fund formerly invested in the Money Market Fund; the Subaccount currently investing in the BlackRock International Index V.I. Fund formerly invested in the International Equity Index Fund; and the Subaccount currently investing in the BlackRock 60/40 Target Allocation ETF V.I. Fund formerly invested in the Stock and Bond Balanced Fund.

**Financial Statements** — The Statement of Additional Information includes audited financial statements for the Variable Account and State Farm, and the reports of the Independent Registered Public Accounting Firm.

## 1. What is the Policy?

The Policy is an individual variable deferred annuity policy that State Farm Life Insurance Company offers. Under the terms of the Policy, we promise to pay you annuity payments after the Annuity Date. Until the Annuity Date, you may pay premiums under the Policy, and you will generally not be taxed on increases in the value of your Policy as long as you do not take distributions. When you use the Policy in connection with a tax-qualified retirement plan, federal income taxes may be deferred on your premium payments, as well as on increases in the value of your Policy. See “How Will My Investment in the Policy be Taxed?” The Policy may not be available in all states. For information about compensation paid for the sale of Policies, see “What Other Information Should I Know? — Distribution of the Policies.”

When you pay premiums, you can allocate those premiums to one or more of the six subdivisions (also known as “Subaccounts”) of the Variable Account. When you allocate premiums to a Subaccount(s), we will invest those premiums solely in the Fund(s), as you direct. Your Policy value in a Subaccount, called the “Subaccount Policy Accumulation Value,” will vary according to the performance of the corresponding Fund(s). Depending on market conditions, your Subaccount Policy Accumulation Value in each Subaccount could increase or decrease. The total of the Subaccount Policy Accumulation in each Subaccount is called the Variable Policy Accumulation Value.

You can also allocate premiums to our Fixed Account. Your Policy value in the Fixed Account is called the Fixed Policy Accumulation Value. When you allocate premium to the Fixed Account, we guarantee principal and interest. See “What Are My Allocation Options? — Fixed Account Option.”

You can request that we transfer Policy Accumulation Value among the Subaccounts and/or the Fixed Account subject to certain conditions. See “What Are My Allocation Options? — Transfers.”

## 2. What are my Annuity Options?

- You choose the Annuity Date when you want annuity income payments to begin. The Annuity Date must come on or before the Final Annuity Date, which is the Policy Anniversary when the Annuitant is age 95 (85 in Pennsylvania). You select an annuity income option from those listed below, and indicate whether you want your annuity income payments to be fixed or variable or a combination of fixed and variable.

- If you do not select an annuity income option for the Cash Surrender Value by the Final Annuity Date, we will pay you the Cash Surrender Value under Annuity Option 1 — Life Annuity.
- On the Annuity Date, we will use the Cash Surrender Value under the Policy to provide annuity income payments.

If your Policy has been in force for at least five Policy Years, and you choose a “life annuity,” “life annuity with certain period,” or a “joint and last survivor life annuity,” we will not deduct a surrender charge. Unless you request otherwise, we will provide variable annuity income using any money that you have invested in the Subaccounts, and we will provide a fixed annuity income using any money that you have invested in the Fixed Account.

We will base your first annuity income payment, whether fixed or variable, on the amount of proceeds applied under the annuity income option you have selected and on “annuity purchase rates” based on the Annuitant’s age and sex and, if applicable, upon the age and sex of a second designated person. The annuity purchase rate that we apply will never be lower than the rate shown in your Policy.

If you have told us you want fixed annuity income payments, the income payments will never be less than the minimum payment stated in the Policy, and the amount of each annuity income payment will be the same.

If you told us you want variable annuity income payments, the amount of variable annuity income payments will vary according to the investment performance of the Funds you have selected to support your variable annuity income payments.

You can choose either 1, 3, 6, or 12 month intervals to receive annuity income payments. Payment intervals start on the Annuity Date. The first annuity income payment is made at the end of the first payment interval. If any payment would be less than \$100, we may change the payment interval to the next longer interval. If on the Annuity Date the payment for the 12 month interval is less than \$100, we may pay the Cash Surrender Value on that date in one sum.

We may require satisfactory proof that the Annuitant is living when each annuity income payment is due. If proof is required, payments will stop until such proof is given. If any payment is made by check and the Annuitant personally endorses the check on or after the date on which such payment is due, no other proof will be required.

options

If you have selected the “fixed years” annuity option, you may request withdrawals at any time.

The available annuity income options are:

**Option 1 — Life Annuity.** Income payments will be made to you at the end of each payment interval as long as the Annuitant lives.

**Option 2 — Life Annuity with Certain Period.** Income payments will be made to you at the end of each payment interval as long as the Annuitant lives or to the end of the certain period, if longer. The certain period can be any number of years from 5 to 20. You must choose the number of years if you choose this option. However, for payments under a tax-qualified plan, the certain period cannot exceed the life expectancy of the Annuitant.

**Option 3 — Joint and Last Survivor Life Annuity.** Income payments will be paid to you at the end of each payment interval as long as the Annuitant or a second designated person is alive. You must name the second person on or before the Annuity Date.

**Option 4 — Fixed Years.** Income payments will be made to you at the end of each payment interval for the number of years chosen. You must choose the number of years from 5 to 30. However, for payments under a tax-qualified plan, the number of years chosen cannot exceed the life expectancy of the Annuitant.

If you have a Qualified Policy, not all annuity income options will satisfy required minimum distribution rules, particularly as those rules apply to your designated beneficiary after your death. For deaths occurring on or after January 1, 2020, subject to certain exceptions most non-spouse beneficiaries must now complete distributions within ten years of the death in order to satisfy required minimum distribution rules. Consult a tax adviser before electing an annuity income option under a Qualified Policy.

The Additional Deposit Rider permits you to make a single premium payment of up to four times the Cash Surrender Value at the time you select an annuity income option in order to increase the amount of payment under the annuity option you select. We deduct an additional charge from the premium payment for this rider equal to 3% of the deposit plus the lesser of 2% of the deposit or \$100. This feature is available only in connection with certain tax-qualified Policies, and cannot be added after the issuance of the Policy.

### 3. How Do I Purchase A Policy?

In 2008, State Farm discontinued offering the Policy. We continue to service the existing Policies as well as accept additional premiums into existing Policies. Please contact our Variable Operation Center for further information.

**Free-Look Right to Cancel Policy.** During your “free-look” period, you may cancel your Policy. The free-look period expires 10 days after you receive your Policy. Some states may require a longer period. If you decide to cancel the Policy,

you must return it by mail or other delivery method to State Farm. Immediately after mailing or delivery, the Policy will be deemed void from the beginning. You will receive a refund equal to the greater of:

- (1) the premium payments made under the Policy during the free-look period; or
- (2) the Policy Accumulation Value (without the deduction of a surrender charge) at the end of the Valuation Period when we receive the Policy for cancellation at the Variable Operation Center.

As previously stated, State Farm discontinued sales of the Policy in 2008. It is no longer possible for you to exercise any free-look right. The description of the free-look right above is provided for informational purposes only.

**Making Additional Premium Payments.** You may pay additional premiums of \$50 or more at any time before the Annuity Date. You may arrange to pay monthly premiums via automatic deduction from your checking account. All checks must be payable in U.S. dollars, drawn on a U.S. bank and made payable to “State Farm Life Insurance Company” or “State Farm Variable Products” (not State Farm VP Management Corp.). Cash, credit cards and debit cards are not acceptable forms of payment. Forms of payment such as second party checks, third party checks and Cyber-Chex generally are not acceptable and we reserve the right to reject any payment request.

For any premium we receive in Good Order after the Policy Date, State Farm will credit the premium to the Policy as of the end of the Valuation Period when we receive the premium at the Variable Operation Center. State Farm will process any premium received in Good Order at the Variable Operation Center after the close of the Valuation Period on the next Valuation Day. We reserve the right to refuse a premium if total premiums paid in a Policy Year would exceed \$30,000.

**Anti-Money Laundering Compliance.** We are required to comply with various anti-money laundering laws and regulations. Consequently, we may request additional required information from you to verify your identity. Your application will be rejected if it does not contain your name, social security number, date of birth and permanent street address. If at any time we believe a Policy Owner may be involved in suspicious activity or if certain account information matches information on government lists of suspicious persons, we may choose not to establish a new account or may be required to “freeze” a Policy Owner’s account. We may also be required to provide a governmental agency with information about transactions that have occurred in a Policy Owner’s account or to transfer monies received to establish a new account, transfer an existing account or transfer the proceeds of an existing account to a governmental agency. In some circumstances, the law may not permit us to inform the Policy Owner of the actions described above.

## 4. What Are My Allocation Options?

**Subaccount Options.** The Variable Account has six Subaccounts, each investing in a specific fund of BlackRock Variable Series Funds, Inc. or BlackRock Variable Series Funds II, Inc., series mutual fund companies registered as open-end management investment companies with the SEC. The Subaccounts invest in Class I shares of the Funds. Each Fund is advised by BlackRock Advisors, LLC.

Shares of the Funds are sold to separate accounts of insurance companies to support certain variable life insurance and/or variable annuity contracts issued by such companies, such as the Policy. The Funds are not available for purchase directly by the general public, and are not the same as other mutual fund portfolios with very similar or nearly identical names that are sold directly to the public. While the investment objectives and policies of the Funds may be similar to the investment objectives and policies of other portfolios that the same investment adviser may manage, the investment results of the Funds may be higher or lower than the results of such other portfolios. We provide no assurance or representation that the investment results of any of the Funds will be comparable to the investment results of any other portfolio, even if the other portfolio has the same investment adviser, the same investment objectives and policies and/or a very similar name.

The table below reflects the investment objective of each Fund available under the Policy. More detailed information regarding the investment objectives, strategies, and risks and fees and expenses of the Funds, and other relevant information, may be found in the Funds' prospectuses. The Funds' prospectuses should be read carefully in conjunction with this prospectus.

<u>Fund</u>	<u>Investment Objective</u>
BlackRock Total Return V.I. Fund	Seeks to maximize total return, consistent with income generation and prudent investment management.
BlackRock International Index V.I. Fund	Seeks to match the performance of the MSCI EAFE Index (Europe, Australasia, Far East) in U.S. dollars with net dividends as closely as possible before the deduction of Fund expenses.
BlackRock S&P 500 Index V.I. Fund	Seeks investment results that, before expenses, correspond to the aggregate price and yield performance of the S&P 500.
BlackRock Government Money Market V.I. Fund	Seeks to preserve capital, maintain liquidity and achieve the highest possible current income consistent with the foregoing.

<u>Fund</u>	<u>Investment Objective</u>
BlackRock Small Cap Index V.I. Fund	Seeks to match the performance of the Russell 2000 as closely as possible before the deduction of Fund expenses.
BlackRock 60/40 Target Allocation ETF V.I. Fund	Seeks to provide total return.

**Fixed Account Option.** The Fixed Account is part of our General Account. It is not a separate account. We credit amounts you allocate to the Fixed Account with interest for the period of allocation at rates determined in our sole discretion, but in no event will interest credited on these amounts be less than an effective annual rate of 3% per year, compounded annually. The current interest rate is the Guaranteed Interest Rate plus any excess interest rate. We determine periodically the current interest rate and the guarantee period for that rate. Each guarantee period will be at least one year. You assume the risk that interest credited thereafter may not exceed the guaranteed rate of 3% per year. See "What Other Information Should I Know? — State Farm and the Variable Account, State Farm's Fixed Account Option." There are significant limits on your right to transfer Policy Accumulation Value from the Fixed Account. Due to these limitations, if you want to transfer all of your Policy Accumulation Value from the Fixed Account to one or more Subaccounts, it may take several years to do so. You should carefully consider whether the Fixed Account meets your investment needs. See "Transfers", below.

**Transfers.** Prior to the earlier of the Annuity Date or the date the Annuitant dies, you may transfer Policy Accumulation Value from and among the Subaccounts at any time after the end of the free-look period. The minimum amount that you may transfer from a Subaccount is \$250, or, if less, the entire Policy Accumulation Value held in that Subaccount.

You may transfer Fixed Policy Accumulation Value from the Fixed Account to a Subaccount or Subaccounts only once each Policy Year and only during the 30-day period following the end of each Policy Year. Unused transfers from the Fixed Account do not carry over to the next Policy Year. The maximum transfer amount is the greater of 25% of the Fixed Policy Accumulation Value on the date of the transfer or \$1,000, unless waived by us. Due to these limitations, if you want to transfer all of your Policy Accumulation Value from the Fixed Account to one or more Subaccounts, it may take several years to do so. The minimum amount transferred must be at least \$250, or, if less, the entire Fixed Policy Accumulation Value.

After the Annuity Date, you may request to transfer annuity units from one Subaccount to another Subaccount. This is limited to four transfers per year and only if variable annuity income payments have been elected.

You can make transfer requests by satisfactory written or telephone request (if we have your written telephone authorization on file). A transfer will take effect at the end of the Valuation Period when we receive the request in Good Order at the Variable Operation Center. State Farm will

process any transfer request received in Good Order at the Variable Operation Center after the close of the Valuation Period on the next Valuation Day. State Farm may, however, defer transfers under the same conditions that we may delay paying proceeds. See “How Do I Access My Money? — Requesting Payments and Telephone Transactions.” There is no limit on the number of transfers from and among the Subaccounts before the Annuity Date. However, State Farm reserves the right to impose a \$25 transfer processing fee on each transfer in a Policy Year in excess of twelve. For purposes of assessing the transfer processing fee, each transfer request is considered one transfer, regardless of the number of Subaccounts the transfer affects. Any unused “free” transfers do not carry over to the next Policy Year. State Farm reserves the right to modify, restrict, suspend or eliminate the transfer privileges, including telephone transfer privileges, at any time, for any reason.

#### **Certain Payments We Receive with Regard to the Funds.**

We and our affiliates may receive payments from the Funds, their investment advisers, their principal underwriter, or affiliates thereof. The amounts we or our affiliates receive may differ by Fund and such amounts may be significant. These payments may be made for various purposes, including payment for the services provided and expenses incurred by us and our affiliates in administering the Policies or serving as an intermediary to the Funds. We and our affiliates may profit from these payments.

As of the date of this prospectus, we and our affiliates receive payments from the investment adviser of the Funds or an affiliate thereof for administrative services provided to the Funds. See the Funds’ prospectuses for more information. For a particular Fund, the amount we and our affiliates receive is based on a percentage of the Fund’s total average daily net assets attributable to the Policies and other variable insurance contracts issued by us or an affiliate.

## **MARKET TIMING POLICIES AND PROCEDURES**

Our market timing policies and procedures will be applied with respect to the Subaccounts. In addition, as described in the Funds’ prospectuses, the Funds have adopted their own market timing policies and procedures to prevent frequent purchases and sales or exchanges of Fund shares that may be detrimental to a Fund or to long-term beneficial owners. To the extent permitted by applicable law, we reserve the right to defer or reject a transfer request at any time that we are unable to purchase or redeem shares of any of the related Funds, including any refusal or restriction on purchases or redemptions of the Funds’ shares as a result of the Funds’ own policies and procedures on market timing activities.

State Farm does not accommodate inappropriate frequent trading including short-term “market timing” transactions among Subaccounts, as these transfers can adversely affect the Funds, other Owners and the performance of the

Subaccounts. In particular, such transfers may dilute the value of the Fund’s shares, interfere with the efficient management of the Funds’ portfolios, and increase brokerage and administrative costs of the Funds. In order to protect our Owners and the Funds from this potential harmful activity, we have implemented market timing policies and procedures. Our market timing policies and procedures are designed to try to discourage, detect and deter frequent transfer activity among the Subaccounts that may adversely affect other Owners or Fund shareholders.

Owners seeking to engage in frequent transfer activity may deploy a variety of strategies to avoid detection. Our ability to detect such transfer activity is limited by operational systems and technological limitations. Furthermore, the identification of Owners determined to be engaged in transfer activity that may adversely affect other Owners or Fund shareholders involves judgments that are inherently subjective. We cannot guarantee that our market timing policies and procedures will detect every potential market timer, but we apply our market timing policies and procedures uniformly, including any and all restrictions, to all Owners without special arrangement, waiver or exception. Because we cannot guarantee that our market timing policies and procedures will detect every market timer, Owners bear the risk that frequent transfer activity may occur, resulting in dilution of the value of Fund shares, interference with the efficient management of the Funds’ portfolios, and increases in the Funds’ brokerage and administrative costs.

If we believe, in our judgment, that an Owner has been engaged in market timing (i.e. frequent trading that could adversely affect the Funds, other Owners, or the performance of the Subaccounts), we will reject a transfer request. We also will restrict a market timer’s transfer privileges by notifying the Owner that from that date forward he or she will only be permitted to make transfers to or from specified Subaccounts by original signature conveyed through U.S. regular mail and any telephone, facsimile or overnight delivery instructions will not be accepted. We will impose this restriction for one year. We will apply this policy uniformly to all similarly situated Policies. Please keep in mind that once an Owner has been identified as a market timer, we will impose this original signature restriction on that Owner even if we cannot specifically identify, in the particular circumstances, any harmful effect from that Owner’s particular transfers.

While we reserve the right to enforce these policies and procedures, Owners and other persons with interests under the Policies should be aware that we may not have the contractual authority or the operational capacity to apply the market timing policies and procedures of the Funds. However, under SEC rules, we are required to: (1) enter into a written agreement with each Fund (or its principal underwriter or transfer agent) that obligates us to provide to the Fund promptly upon request certain information about the trading activity of individual Owners, and (2) execute instructions from the Fund to restrict or prohibit further purchases or transfers



by specific Owners who violate the excessive trading policies established by the Fund.

The Funds may reserve the right to temporarily or permanently refuse payments or transfer requests from us if, in the judgment of the Fund's investment adviser, the Fund would be unable to invest effectively in accordance with its investment objective or policies, or would otherwise potentially be adversely affected. To the extent permitted by applicable law, we reserve the right to defer or reject a transfer request at any time that we are unable to purchase or redeem shares of any of the Funds, including any refusal or restriction on purchases or redemptions of the Fund shares as a result of the Funds' own policies and procedures on market timing activities. We will notify you in writing if we have reversed, restricted, or refused any of your transfer requests. You should read the prospectuses of the Funds for more details on their ability to refuse or restrict purchases or redemptions of their shares.

In our sole discretion, we may revise our market timing policies and procedures at any time without prior notice as necessary to better detect and deter frequent transfers that may adversely affect other Owners or Fund shareholders, to comply with state or federal regulatory requirements, or to impose additional or alternative restrictions on market timers. If we revise our market timing policies and procedures, we will apply such changes uniformly to all similarly situated Policies.

We do not include transfers made pursuant to the dollar-cost averaging, portfolio rebalancing and interest advantage programs in these limitations.

**Dollar-Cost Averaging Program.** The dollar-cost averaging program permits you to systematically transfer on a monthly, quarterly, semi-annual, or annual basis a set dollar amount from either the Subaccount investing in the BlackRock Government Money Market V.I. Fund (the "Money Market Subaccount") or the Subaccount investing in the BlackRock Total Return V.I. Fund (the "Total Return Subaccount") to any combination of Subaccounts and/or the Fixed Account. If the Money Market Subaccount or the Total Return Subaccount is the Subaccount from which you make the transfer, you cannot also use that Subaccount as one of the Subaccounts in this combination. The dollar-cost averaging method of investment is designed to reduce the risk of making purchases only when the price of Accumulation Units is high, but you should carefully consider your financial ability to continue the program over a long enough period of time to purchase units when their value is low as well as when it is high. Dollar-cost averaging does not assure a profit or protect against a loss.

You may elect to participate in the dollar-cost averaging program at any time before the Annuity Date by sending us a written request or by telephone, if we have your telephone authorization on file. The minimum transfer amount is \$100 from the Money Market Subaccount or the Total Return Subaccount, as applicable. Once elected, dollar-cost averaging remains in effect from the date we receive your request (in Good Order) until the Annuity Date or until the value of the Subaccount from

which transfers are being made is depleted, or until you cancel the program by written request or by telephone, if we have your telephone authorization on file. You can request changes in writing or by telephone, if we have your telephone authorization on file. There is no additional charge for dollar-cost averaging. A transfer under this program is not considered a transfer for purposes of assessing a transfer processing fee. Dollar-cost averaging is not available while you are participating in the portfolio rebalancing program. We reserve the right to discontinue offering the dollar-cost averaging program at any time and for any reason.

**Portfolio Rebalancing Program.** Once you allocate your money among the Subaccounts, the performance of each Subaccount may cause your allocation to shift. You may instruct us in writing or by telephone (if you have telephone authorization on file), to automatically rebalance (on a monthly, quarterly, semi-annual, or annual basis) the value of your Policy in the Subaccounts to return to the percentages specified in your allocation instructions. You may make subsequent changes to your percentage allocations at any time by providing written or telephone instructions to the Variable Operation Center (if we have your telephone authorization on file). Once elected, portfolio rebalancing remains in effect from the date we receive your written request (in Good Order) until you instruct us to discontinue portfolio rebalancing. There is no additional charge for using this program. We do not consider a transfer under this program as a transfer for purposes of assessing a transfer processing fee. We reserve the right to discontinue offering the program at any time and for any reason. Portfolio rebalancing does not guarantee a profit or protect against loss. You may not use amounts in the Fixed Account in connection with the portfolio rebalancing program. If you transfer 100% of the value in your Policy to the Fixed Account, any portfolio rebalancing program in effect for your Policy will be canceled. The portfolio rebalancing program is not available while you are participating in the dollar-cost averaging program.

**Interest Advantage Program.** The Interest Advantage program permits you to systematically transfer an amount equal to the interest earned on monies allocated to the Fixed Account to one or any combination of Subaccounts. You specify the allocation percentages for the Subaccounts to which these amounts will be transferred. Transfers will be made on each Policy Quarter to the Subaccounts you select. The Interest Advantage program involves a dollar-cost averaging strategy. Dollar-cost averaging involves investing in the Subaccounts at regular intervals of time, so you should carefully consider your financial ability to continue the program over a long enough period of time to purchase Subaccount units when their value is low as well as high. A dollar-cost averaging strategy does not assure a profit or protect against a loss in the Subaccounts.

You may elect to participate in the Interest Advantage program at any time before the Annuity Date by sending us a written request or by telephone, if you have telephone authorization on

file. The minimum Fixed Policy Accumulation Value required to initiate the Interest Advantage program is \$2,500. If the Fixed Policy Accumulation Value is less than \$500 on a scheduled transfer date, the transfer will not occur. Once elected, the Interest Advantage program remains in effect from the date we receive your request until (1) the Annuity Date, (2) you cancel the program by written request or telephone, if we have your telephone authorization on file, or (3) the Policy Owner changes, whichever occurs first. You can request changes in writing or by telephone, if we have your telephone authorization on file. There is no additional charge for the Interest Advantage program and a transfer under this program is not considered a transfer for purposes of assessing a transfer processing fee. Interest Advantage transfers are not counted toward the maximum 25% or \$1,000 of Fixed Policy Accumulation Value that may be transferred from the Fixed Account during any Policy Year. You may participate in the Interest Advantage program at the same time you participate in either the dollar-cost averaging program or the portfolio rebalancing program. If an Interest Advantage transfer is scheduled for the same Valuation Day as a dollar-cost averaging transfer or a portfolio rebalancing transfer, we will process the Interest Advantage transfer first. If an Interest Advantage transfer is scheduled on a day that is not a Valuation Day, then the transfer will occur on the next Valuation Day. We reserve the right to discontinue offering the Interest Advantage program at any time and for any reason.

**Inquiring About Transactions.** You should review every Transaction Confirmation thoroughly when received. State Farm employs reasonable procedures to ensure the proper and accurate processing of all transactions. In the event you believe a transaction has occurred on your Policy in error, you must notify the Variable Operation Center via telephone or in writing within 60 days of the date shown on your Transaction Confirmation.

**Policy Accumulation Value.** The Policy Accumulation Value serves as a starting point for calculating certain values under a Policy. It is the aggregate of the Subaccount Policy Accumulation Values and the Fixed Policy Accumulation Value credited to the Policy. State Farm determines the Policy Accumulation Value first on the Policy Date and thereafter on each Valuation Day. The Policy Accumulation Value will vary to reflect the performance of the Subaccounts to which you have allocated premiums, interest credited on amounts allocated to the Fixed Account, charges, transfers, withdrawals, and full surrenders. It may be more or less than premiums paid.

**Cash Surrender Value.** The Cash Surrender Value on a Valuation Day is the Policy Accumulation Value, reduced by any applicable surrender charge that would be deducted if the Policy were surrendered that day and any applicable Annual Administrative Fee.

**Subaccount Policy Accumulation Value.** On any Valuation Day, the Subaccount Policy Accumulation Value in a Subaccount is equal to the number of Accumulation Units attributable to that Subaccount multiplied by the Accumulation Unit Value for that

Subaccount for that Valuation Day. When you allocate an amount to a Subaccount, either by premium allocation or transfer of Policy Accumulation Value, we credit your Policy with Accumulation Units in that Subaccount. We determine the number of Accumulation Units by dividing the dollar amount allocated or transferred to the Subaccount by the Subaccount's Accumulation Unit Value for that Valuation Day. Similarly, when you transfer an amount from a Subaccount, take a withdrawal from the Subaccount, or surrender the Policy, we determine the number of Accumulation Units by dividing the dollar amount transferred, withdrawn or surrendered by the Subaccount's Accumulation Unit Value for that Valuation Day.

**Accumulation Unit Value.** A Subaccount's Accumulation Unit Value is the value of its Accumulation Unit. Accumulation Unit Values vary to reflect the investment experience of the underlying Fund, and may increase or decrease from one Valuation Day to the next. The Accumulation Unit Value for each Subaccount was arbitrarily set at \$10 when we established the Subaccount. For each Valuation Period after the date of establishment, we determine the Accumulation Unit Value by multiplying the Accumulation Unit Value for a Subaccount for the prior Valuation Period by the net investment factor for the Subaccount for the current Valuation Period.

**Net Investment Factor.** The net investment factor is an index used to measure the investment performance of a Subaccount from one Valuation Period to the next. The net investment factor for any Subaccount for any Valuation Period reflects the change in the net asset value per share of the Fund held in the Subaccount from one Valuation Period to the next, adjusted for the daily deduction of the mortality and expense risk charge from assets in the Subaccount. If any "ex-dividend" date occurs during the Valuation Period, the per share amount of any dividend or capital gain distribution is taken into account. Also, if any taxes need to be reserved, a per share charge or credit for any taxes reserved for, which is determined by us to have resulted from the operations of the Subaccount, is taken into account.

**Fixed Policy Accumulation Value.** The Fixed Policy Accumulation Value on any date after the Policy Date is equal to: (1) the sum of the following amounts in the Fixed Account: premium allocations, Policy Accumulation Value transfers to the Fixed Account, and interest accruals (if the date is a Policy Anniversary it also includes any dividend payments); minus (2) the sum of any withdrawals and any applicable surrender charges or transfers from the Fixed Account including any applicable transfer processing fee from the Fixed Account, as well as the applicable portion of the Annual Administrative Fee.

## 5. What are the Expenses Under the Policy?

State Farm deducts the charges described below. The charges are for the services and benefits State Farm provides, costs and expenses State Farm incurs, and the risks State Farm assumes under or in connection with the Policies.

- Services and benefits we provide include: (1) the ability for Owners to make withdrawals and surrenders under the Policy; (2) the Annuitant's Death Benefit; (3) the available investment options, including dollar cost averaging, portfolio rebalancing, Interest Advantage, and systematic withdrawal programs; (4) administration of the annuity options available under the Policy; (5) the distribution of various reports to Owners; and (6) the ability to make monthly premium payments under the Monthly Payment Plan.
- Costs and expenses we incur include those associated with various overhead and other expenses associated with providing the services and benefits provided by the Policy, sales and marketing expenses, and other costs of doing business such as federal, state and local premium taxes and other taxes and fees.
- Risks we assume include the risks that: (1) Annuitants may live for a longer period of time than estimated when we established the annuity factors under the Policy; (2) the amount of the Annuitant's Death Benefit will be greater than Policy Accumulation Value; and (3) the costs of providing the services and benefits under the Policies will exceed the charges deducted.

We may profit from each of the charges we deduct, such as the mortality and expense risk charge, and we may use that profit for any purpose, including the payment of distribution charges.

### ***Surrender Charge***

If you make a withdrawal or surrender the Policy during the first seven Policy Years, State Farm may deduct a surrender charge calculated as a percentage of the amount withdrawn or surrendered. The applicable percentage is 7% in the first Policy Year, and declines by 1% in each following Policy Year, until it reaches 0% in the eighth Policy Year. The total surrender charge deducted cannot exceed 8 ½% of the total premiums paid. We may also deduct a surrender charge when you take annuity income payments or when proceeds are paid upon the Owner's death (unless the Owner is also the Annuitant). However, we will not deduct a surrender charge on annuitization if the Policy has been in force at least five Policy Years and if the payments are made under a "life annuity," "life annuity with certain period," or a "joint and last survivor life annuity." See "What are my Annuity Options?" We do not deduct a surrender charge when a Death Benefit is paid upon the Annuitant's death, regardless of how many Policy Years have elapsed or how the Death Benefit is paid. See "Does the Policy have a Death Benefit?"

If you surrender the Policy, we deduct the surrender charge from the Policy Accumulation Value in determining the Cash Surrender Value. If you take a withdrawal, we deduct the surrender charge from the Policy Accumulation Value remaining after we pay you the amount requested, and we calculate the surrender charge as the applicable percentage of

the total amount withdrawn. Unless you specify otherwise, we will deduct the surrender charge from each Subaccount and the Fixed Account pro-rata. Each year after the first Policy Year, you may withdraw a "Free Withdrawal Amount" without incurring a surrender charge. For a table of surrender charges and a description of the Free Withdrawal Amount, see the "Fee Table," at the beginning of this prospectus.

**Example of Calculation of Surrender Charge.** Assume the applicable surrender charge percentage is 7% and you have requested a withdrawal of \$500. You will receive \$500 and the surrender charge is \$37.63, for a total withdrawal of \$537.63.

**Waiver of Surrender Charge.** We will not deduct a surrender charge if, at the time we receive a request for a withdrawal or a surrender, we have received due proof that the Annuitant is "Terminally Ill" or has been confined continuously to an "Eligible Hospital" or "Eligible Nursing Home" for at least three months before the date we receive the request. "Terminally Ill," "Eligible Hospital," and "Eligible Nursing Home" are defined in the Policy.

### ***Annual Administrative Fee***

We will deduct an annual administrative fee (\$30 maximum) (1) on each Policy Anniversary, (2) on the day of any surrender if the surrender is not on the Policy Anniversary, or (3) on the Annuity Date if the Annuity Date is not on the Policy Anniversary. We may waive this fee if total premiums of at least \$50,000 have been paid under a Policy at the time the Annual Administrative Fee would have otherwise been deducted. We will deduct the fee from each Subaccount and the Fixed Account on a pro-rata basis.

### ***Transfer Processing Fee***

We reserve the right to deduct a transfer processing fee of \$25 for the 13th and each subsequent transfer during a Policy Year. For the purpose of assessing the transfer processing fee, we consider each written or telephone request to be one transfer, regardless of the number of Subaccounts affected by the transfer. We will deduct the transfer processing fee from the Subaccount or the Fixed Account from which the transfer is made. If a transfer is made from more than one Subaccount and/or the Fixed Account at the same time, we will deduct the transfer fee pro-rata from the Subaccounts and/or the Fixed Account. We reserve the right to waive the transfer processing fee.

### ***Monthly Payment Plan***

You may elect to make premium payments under the Monthly Payment Plan. To establish the Monthly Payment Plan, a three month premium payment may be required.

### ***Mortality and Expense Risk Charge***

State Farm currently deducts a daily charge from the assets in the Subaccounts attributable to the Policies at an annual rate

of 1.15% of net assets. We guarantee that this charge will not exceed an annual rate of 1.25% of net assets. This charge does not apply to Fixed Policy Accumulation Value attributable to the Policies. We factor this charge into the net investment factor. See “What Are My Allocation Options? — Net Investment Factor.”

### ***Fund Expenses***

Because the Variable Account purchases shares of the various Funds, the net assets of the Variable Account will reflect the investment advisory fees and other operating expenses incurred by the Funds. A table of the minimum and maximum Fund expenses as of December 31, 2020, can be found in this prospectus under “Annual Fund Operating Expenses.” For a description of each Fund’s expenses, advisory fees and other expenses, see the prospectuses for the Funds.

### ***Additional Deposit Rider Charge***

The Additional Deposit Rider permits you to make a single premium payment of up to four times the Cash Surrender Value at the time you select an annuity income option in order to increase the amount of payment under the annuity income option you select. We deduct an additional charge from the premium payment for this rider equal to 3% of the deposit plus the lesser of 2% of the deposit or \$100. This feature is available only in connection with certain tax-qualified Policies, and cannot be added after the issuance of the Policy. See “What are my Annuity Options?”

## **6. How Will My Investment in the Policy be Taxed?**

**The following discussion is general and is not intended as tax advice.**

### ***Introduction***

The following summary provides a general description of the Federal income tax considerations associated with the Policy and does not purport to be complete or to cover all tax situations. This discussion is not intended as tax advice. You should consult counsel or other competent tax advisers for more complete information. No attempt is made to consider any applicable state or other income tax laws, any state and local estate or inheritance tax, or other tax consequences of ownership or receipt of distributions under a Policy. This discussion is based upon State Farm’s understanding of the present Federal income tax laws. No representation is made as to the likelihood of continuation of the present Federal income tax laws or as to how they may be interpreted by the Internal Revenue Service (the “IRS”).

You may purchase the Policy on a non-tax-qualified basis (“Non-Qualified Policy”) or on a tax-qualified basis (“Qualified Policy”). Qualified Policies are designed for use by individuals whose premium payments are comprised solely of proceeds

from and/or contributions under retirement plans that are intended to qualify as plans entitled to special income tax treatment under Sections 401(a), 403(b), 408, or 408A of the Code. The ultimate effect of federal income taxes on the amounts held under a Policy, or annuity payments, depends on the type of retirement plan, on the tax and employment status of the individual concerned, and on our tax status. In addition, certain requirements must be satisfied in purchasing a Qualified Policy with proceeds from a tax-qualified plan and receiving distributions from a Qualified Policy in order to continue receiving favorable tax treatment. Some retirement plans are subject to distribution and other requirements that are not incorporated into our Policy administration procedures. Owners, participants and Beneficiaries are responsible for determining that contributions, distributions and other transactions with respect to the Policies comply with applicable law. Therefore, purchasers of Qualified Policies should seek competent legal and tax advice regarding the suitability of a Policy for their situation. The following discussion assumes that Qualified Policies are purchased with proceeds from and/or contributions under retirement plans that qualify for the intended special federal income tax treatment.

In a tax-qualified retirement plan, federal income tax deferral is provided by the tax-qualified retirement plan. No additional tax deferral is provided by an annuity. You should contact your attorney or tax advisor for more complete information.

### ***Tax Status of the Policies***

**Diversification Requirements.** The Code requires that the investments of the Variable Account be “adequately diversified” in order for Non-Qualified Policies to be treated as annuity contracts for Federal income tax purposes. It is intended that the Variable Account, through the Funds, will satisfy these diversification requirements.

**Investor Control.** In certain circumstances, owners of non-qualified variable annuity contracts have been considered for Federal income tax purposes to be the owners of the assets of the Variable Account supporting their contracts due to their ability to exercise investment control over those assets. When this is the case, the contract owners have been currently taxed on income and gains attributable to the variable account assets. There is little guidance in this area, and some features of the Policies, such as the flexibility of an Owner to allocate premium payments and transfer Policy Accumulation Values, have not been explicitly addressed in published rulings. While State Farm believes that the Policies do not give Owners investment control over Variable Account assets, State Farm reserves the right to modify the Policies as necessary to prevent an Owner from being treated as the owner of the Variable Account assets supporting the Policy.

**Required Distributions.** In order to be treated as an annuity contract for federal income tax purposes, the Code requires any Non-Qualified Policy to contain certain provisions specifying how your interest in the Policy will be distributed in

the event of your death. Specifically, section 72(s) requires that (a) if any owner dies on or after the annuity starting date, but prior to the time the entire interest in the contract has been distributed, the entire interest in the contract will be distributed at least as rapidly as under the method of distribution being used as of the date of such owner's death; and (b) if any owner dies prior to the annuity starting date, the entire interest in the contract will be distributed five years after the date of such owner's death. These requirements will be considered satisfied as to any portion of an owner's interest which is payable to or for the benefit of a designated beneficiary and which is distributed over the life of such designated beneficiary or over a period not extending beyond the life expectancy of that beneficiary, provided that such distributions begin within one year of the owner's death. The designated beneficiary refers to a natural person designated by the owner as a beneficiary and to whom ownership of the contract passes by reason of death. However, if the designated beneficiary is the surviving spouse of the deceased owner, the contract may be continued with the surviving spouse as the new owner. The Non-Qualified Policies contain provisions that are intended to comply with these Code requirements, although no regulations interpreting these requirements have yet been issued. We intend to review such provisions and modify them if necessary to assure that they comply with the applicable requirements when such requirements are clarified by regulation or otherwise. See "Death of Owner" rules in the Statement of Additional Information for a further discussion of the rules for paying proceeds upon an Owner's death.

Other required distribution rules may apply to Qualified Policies.

The following discussion assumes that the Policies will qualify as annuity contracts for Federal income tax purposes.

### ***Tax Treatment of Annuities***

We believe that if you are a natural person you will not be taxed on increases in the value of a Policy until a distribution occurs or until annuity income payments begin. (For these purposes, the agreement to assign or pledge any portion of the Policy Accumulation Value, and, in the case of a Qualified Policy, any portion of an interest in the qualified plan, generally will be treated as a distribution.)

### ***Taxation of Non-Qualified Policies***

**Non-Natural Person.** The Owner of a Non-Qualified Policy who is not a natural person generally must include in income any increase in the excess of the Policy Accumulation Value over the "investment in the contract" (generally, the premiums or other consideration paid for the contract) during the taxable year. There are some exceptions to this rule and a prospective Owner that is not a natural person may wish to discuss these with a tax adviser. The following discussion generally applies to Policies owned by natural persons.

**Withdrawals.** When a withdrawal from a Non-Qualified Policy occurs (including a withdrawal under the systematic

withdrawal program), the amount received will be treated as ordinary income subject to tax up to an amount equal to the excess (if any) of the Policy Accumulation Value immediately before the distribution over the Owner's investment in the Policy at that time.

In the case of a surrender under a Non-Qualified Policy, the amount received generally will be taxable only to the extent it exceeds the Owner's investment in the contract.

**Penalty Tax on Certain Withdrawals.** In the case of a distribution from a Non-Qualified Policy, there may be imposed a federal tax penalty equal to ten percent of the amount treated as income. In general, however, there is no penalty on distributions:

- made on or after the taxpayer reaches age 59 ½;
- made on or after the death of an Owner;
- attributable to the taxpayer's becoming disabled; or
- made as part of a series of substantially equal periodic payments for the life (or life expectancy) of the taxpayer.

Other exceptions may be applicable under certain circumstances and special rules may be applicable in connection with the exceptions enumerated above. Also, additional exceptions apply to distributions from a Qualified Policy. Consult a tax adviser with regard to exceptions from the penalty tax.

**Annuity Payments.** Although tax consequences may vary depending on the annuity income option elected under an annuity contract, a portion of each annuity income payment is generally not taxed and the remainder is taxed as ordinary income. The non-taxable portion of an annuity payment is generally determined in a manner that is designed to allow you to recover your investment in the contract ratably on a tax-free basis over the expected stream of annuity payments, as determined when annuity payments start. Once your investment in the contract has been fully recovered, however, the full amount of each annuity income payment is subject to tax as ordinary income.

**Taxation of Death Benefit Proceeds.** Amounts may be distributed from a Policy because of your death or the death of the Annuitant. Generally, such amounts are includible in the income of the recipient as follows: (1) if distributed in a lump sum, they are taxed in the same manner as a surrender of the contract, or (2) if distributed under an annuity income option, they are taxed in the same way as annuity income payments.

**Transfers, Assignments or Exchanges of a Policy.** A transfer or assignment of ownership of a Policy, the designation of an Annuitant or Payee other than an Owner, the selection of certain Annuity Dates, or the exchange of a Policy may result in certain tax consequences to you that are not discussed herein. An Owner contemplating any such transfer, assignment, designation or exchange should consult a tax adviser as to the tax consequences.

**Withholding.** To the extent that Policy distributions are taxable, they are subject to withholding for a recipient's federal income tax liability. In most situations, recipients can elect not to have taxes withheld from distributions. However, if withholding instructions are not received at the time of the good order disbursement request, taxes will be withheld and reported to the IRS.

**Multiple Policies.** All Non-Qualified deferred annuity contracts that State Farm (or its affiliates) issues to the same Owner during any calendar year are treated as one annuity contract for purposes of determining the amount includible in such Owner's income when a taxable distribution occurs.

### ***Taxation of Qualified Policies***

The Policies are designed for use with several types of qualified plans. The tax rules applicable to participants in these qualified plans vary according to the type of plan and the terms and conditions of the plan itself. Special favorable tax treatment may be available for certain types of contributions and distributions. Adverse tax consequences may result from: contributions in excess of specified limits; distributions prior to age 59½ (subject to certain exceptions); distributions that do not conform to specified commencement and minimum distribution rules; and in other specified circumstances. Therefore, no attempt is made to provide more than general information about the use of the Policies with the various types of qualified retirement plans. Policy Owners, Annuitants, and Beneficiaries are cautioned that the rights of any person to any benefits under these qualified retirement plans may be subject to the terms and conditions of the plans themselves, regardless of the terms and conditions of the Policy, but we shall not be bound by the terms and conditions of such plans to the extent such terms contradict the Policy, unless the Company consents.

In a tax-qualified retirement plan, federal income tax deferral is provided by the tax-qualified retirement plan. No additional tax deferral is provided by an annuity. You should contact your attorney or tax advisor for more complete information.

**Distributions.** Annuity income payments are generally taxed in the same manner as under a Non-Qualified Policy. When a withdrawal from a Qualified Policy occurs, a pro rata portion of the amount received is taxable, generally based on the ratio of the Owner's investment in the contract to the participant's total accrued benefit balance under the retirement plan. For Qualified Policies, the investment in the contract is often zero. For Roth IRAs, distributions are generally not taxed, except as described below.

For qualified plans under Section 401(a) and 403(b), the Code requires that distributions generally must commence no later than April 1 of the calendar year following the later of (1) the calendar year in which the plan participant reaches age 72 (70½ if you reach 70½ before January 1, 2020) or (2) the calendar year in which the plan participant retires, and must be made in a specified form or manner. If the plan participant is a "5 percent Owner" (as defined in the Code), distributions

generally must begin no later than April 1 of the calendar year following the calendar year in which the plan participant reaches age 72 (70½ if you reach 70½ before January 1, 2020). For IRAs described in Section 408, distributions generally must commence no later than April 1 of the calendar year following the calendar year in which the plan participant reaches age 72 (70½ if you reach 70½ before January 1, 2020). Roth IRAs under Section 408A do not require distributions at any time prior to the plan participant's death.

In addition, to satisfy required distribution rules, please note that for deaths occurring on or after January 1, 2020, most non-spouse designated beneficiaries will have to take post-death distributions within ten years. Certain exceptions apply to "eligible designated beneficiaries" which include disabled and chronically ill individuals, individuals who are ten or less years younger than the deceased individual, and children who have not reached the age of majority. Consult a tax adviser if you may be affected by these changes.

**Withholding.** "Eligible rollover distributions" from section 401(a) plans and section 403(b) tax-sheltered annuities are subject to a mandatory federal income tax withholding of 20%. For this purpose an eligible rollover distribution is any distribution from such a plan, except certain distributions that are required by the Code, hardship distributions or distributions in a specified annuity form. The 20% withholding does not apply, however, to nontaxable distributions or if (i) the employee (or employee's spouse or former spouse as beneficiary or alternate payee) chooses a "direct rollover" from the plan to a tax-qualified plan, IRA, Roth IRA or tax sheltered annuity or to a governmental 457 plan that agrees to separately account for rollover contributions; or (ii) a non-spouse beneficiary chooses a "direct rollover" from the plan to an IRA established by the direct rollover.

To the extent that Policy distributions are taxable, they are subject to withholding for a recipient's federal income tax liability. In most situations, recipients can elect not to have taxes withheld from distributions. However, if withholding instructions are not received at the time of the good order disbursement request, taxes will be withheld and reported to the IRS.

Brief descriptions follow of the various types of qualified retirement plans which may be funded with a Policy.

### **Corporate and Self-Employed Pension and Profit Sharing**

**Plans.** Section 401(a) of the Code permits corporate employers to establish various types of retirement plans for employees, and permits self-employed individuals to establish these plans for themselves and their employees. These retirement plans may permit the purchase of the Policies to accumulate retirement savings under the plans. The Death Benefit could be characterized as an incidental benefit, the amount of which is limited in any pension or profit-sharing plan. Because the Death Benefit may exceed this limitation, employers using the Policy in connection with such plans should consult their tax advisor. Adverse tax or other legal

consequences to the plan, to the participant, or to both may result if this Policy is assigned or transferred to any individual as a means to provide benefit payments, unless the plan complies with all legal requirements applicable to such benefits prior to transfer of the Policy. Employers intending to use the Policy with such plans should seek competent advice.

**Individual Retirement Annuities.** Section 408 of the Code permits eligible individuals to contribute to an individual retirement program known as an “Individual Retirement Annuity” or “IRA.” These IRAs are subject to limits on the amount that can be contributed, the deductible amount of the contribution, the persons who may be eligible, and the time when distributions commence. Also, distributions from certain other types of qualified retirement plans may be “rolled over” or transferred on a tax-deferred basis into an IRA. There are significant restrictions on rollover or transfer contributions from Savings Incentive Match Plans for Employees (SIMPLE) IRA programs, under which certain employers may provide contributions to SIMPLE IRAs on behalf of their employees, subject to special restrictions. Employers may establish Simplified Employee Pension (SEP) Plans to provide IRA contributions on behalf of their employees. Sales of the Policy for use with IRAs may be subject to special requirements of the IRS.

A 10% penalty tax generally applies to distributions made before age 59½, unless an exception applies. Distributions that are rolled over to an IRA within 60 days are not immediately taxable, however only one such rollover is permitted each year. Beginning in 2015, an individual can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs that are owned. The limit will apply by aggregating all of an individual’s IRAs, including SEP and SIMPLE IRAs as well as traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. This limit does not apply to direct trustee-to-trustee transfers or conversions to Roth IRAs.

**Roth IRAs.** Section 408A of the Code permits certain eligible individuals to contribute to a Roth IRA. Contributions to a Roth IRA, which are subject to certain limitations, are not deductible, and must be made in cash or as a rollover or transfer from another Roth IRA or other IRA. A rollover from or conversion of an IRA to a Roth IRA may be subject to tax. Distributions from a Roth IRA generally are not taxed, except that, once aggregate distributions exceed contributions to the Roth IRA, income tax and a 10% penalty tax may apply to distributions made (1) before age 59½ (subject to certain exceptions) or (2) during the five taxable years starting with the year in which the first contribution is made to any Roth IRA. We will not withhold on a qualified distribution from a Roth IRA when the Policy Owner has reached age 59½ or older and the five year holding period has been met. A 10% penalty tax may apply to amounts attributable to a conversion from an IRA if they are distributed during the five taxable years beginning with the year in which the conversion was made.

Distributions that are rolled over to an IRA within 60 days are not immediately taxable, however only one such rollover is permitted each year. Beginning in 2015, an individual can make only one rollover from an IRA to another (or the same)

IRA in any 12-month period, regardless of the number of IRAs that are owned. The limit will apply by aggregating all of an individual’s IRAs, including SEP and SIMPLE IRAs as well as traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. This limit does not apply to direct trustee-to-trustee transfers or conversions to Roth IRAs.

**Tax Sheltered Annuities.** Section 403(b) of the Code allows employees of certain Section 501(c)(3) organizations and public schools to exclude from their gross income the premium payments made, within certain limits, on a Policy that will provide an annuity for the employee’s retirement. These premium payments may be subject to FICA (Social Security) tax. Distributions of (1) salary reduction contributions made in years beginning after December 31, 1988; (2) earnings on those contributions; and (3) earnings on amounts held as of the last year beginning before January 1, 1989, are not allowed prior to age 59½, severance of employment, death or disability. Salary reduction contributions may also be distributed upon hardship, but would generally be subject to tax penalties. For policies issued after 2008, amounts attributable to nonelective contributions may be subject to distribution restrictions under the Employers’ Tax Sheltered Annuity Plan. If your Policy was issued pursuant to a 403(b) plan, we generally are required to confirm, with your 403(b) plan sponsor or otherwise, that withdrawals, surrenders or transfers you request comply with applicable tax requirements and to decline requests that are not in compliance. We will defer such payments you request until all information required under the tax law has been received. By requesting a surrender or transfer, you consent to the sharing of confidential information about you, the Policy, and transactions under the Policy and any other 403(b) contracts or accounts you have under the 403(b) plan among us, your employer or plan sponsor, any plan administrator or recordkeeper, and other product providers. The Death Benefit could be characterized as an incidental benefit, the amount of which is limited in any tax-sheltered annuity. Because the Death Benefit may exceed this limitation, employers using the Policy in connection with such plans should consult their tax advisor. State Farm will no longer issue Policies to fund Tax Sheltered Annuities, effective November 3, 2008. Effective January 1, 2009, State Farm will no longer accept contributions to Policies serving as funding for Tax Sheltered Annuities.

**401(k) Plan.** A 401(k) plan is a retirement plan that allows eligible employees for 2021 to contribute up to the lesser of \$19,500 or 100% of compensation to the plan via a salary reduction agreement. Eligible employees who are age 50 or older by the end of 2021 may be permitted to make an additional \$6,500 “catch-up” contribution. Self-employed persons are treated both as employees and employers for contribution purposes, and there are no limits on the number of employees eligible to participate in a 401(k) Plan.

#### ***Other Tax Consequences***

As noted above, the foregoing comments about the Federal tax consequences under the Policies are not exhaustive, and special rules are provided with respect to other tax situations

not discussed in this prospectus. Further, the Federal income tax consequences discussed herein reflect our understanding of current law, and the law may change. Federal estate and state and local estate, inheritance and other tax consequences of Ownership or receipt of distributions under a Policy depend on the individual circumstances of each Owner or recipient of the distribution. Consult a competent tax adviser for further information.

#### **Federal Estate Gift and Generation Skipping Transfer**

**Taxes.** While no attempt is being made to discuss in detail the Federal estate tax implications of the Policy, a purchaser should keep in mind that the value of an annuity contract owned by a decedent and payable to a beneficiary by virtue of surviving the decedent is included in the decedent's gross estate. Depending on the terms of the annuity contract, the value of the annuity included in the gross estate may be the value of the lump sum payment payable to the designated beneficiary or the actuarial value of the payments to be received by the beneficiary. Consult an estate planning advisor for more information.

Under certain circumstances, the Code may impose a generation skipping transfer tax (GST) when all or part of an annuity contract is transferred to, or a death benefit is paid to, an individual two or more generations younger than the Owner. Regulations issued under the Code may require us to deduct the tax from your Policy, or from any applicable payment, and pay it directly to the IRS.

The potential application of these taxes underscores the importance of seeking guidance from a qualified adviser to help ensure that your estate plan adequately addresses your needs and those of your beneficiaries under all possible scenarios.

**Medicare Tax.** Distributions from non-qualified annuity contracts will be considered "investment income" for purposes of the Medicare tax on investment income. Thus, in certain circumstances, a 3.8% tax may be applied to some or all of the taxable portion of distributions (e.g. earnings) to individuals whose income exceeds certain threshold amounts. Please consult a tax advisor for more information.

**Definition of Spouse under Federal Law.** The Policy provides that upon your death, a surviving spouse may have certain continuation rights that he or she may elect to exercise for the Policy's death benefit. All Policy provisions relating to spousal continuation are available only to a person who meets the definition of "spouse" under federal law. The U.S. Supreme Court has held that same-sex marriages must be permitted under state law and that marriages recognized under state law will be recognized for federal law purposes. Domestic partnerships and civil unions that are not recognized as legal marriages under state law, however, will not be treated as marriages under federal law. Consult a tax adviser for more information on this subject.

**Annuity Purchases by Residents of Puerto Rico.** The Internal Revenue Service announced that income received by residents of Puerto Rico under life insurance or annuity contracts issued by a Puerto Rico branch of a United States

life insurance company is U.S.-source income that is generally subject to United States Federal income tax.

**Annuity Purchases by Nonresident Aliens and Foreign Corporations.** The discussion above provides general information regarding U.S. federal income tax consequences to annuity purchasers that are U.S. citizens or residents. Purchasers that are not U.S. citizens or residents will generally be subject to U.S. federal withholding tax on taxable distributions from annuity contracts at a 30% rate, unless a lower treaty rate applies. In addition, such purchasers may be subject to state and/or municipal taxes and taxes that may be imposed by the purchaser's country of citizenship or residence. Additional withholding may occur with respect to entity purchasers (including foreign corporations, partnerships, and trusts) that are not U.S. residents. Prospective purchasers are advised to consult with a qualified tax adviser regarding U.S., state, and foreign taxation with respect to an annuity contract purchase.

**Foreign Tax Credits.** We may benefit from any foreign tax credits attributable to taxes paid by certain Funds to foreign jurisdictions to the extent permitted under Federal tax law.

**Possible Changes in Taxation.** Although the likelihood of legislative change is uncertain, there is always the possibility that the tax treatment of the Policies could change by legislation or other means. It is also possible that any change could be retroactive (that is, effective prior to the date of the change). Consult a tax adviser with respect to legislative developments and their effect on the Policy.

We have the right to modify the Policy in response to legislative changes that could otherwise diminish the favorable tax treatment that annuity contract owners currently receive. We make no guarantee regarding the tax status of any policy and do not intend the above discussion as tax advice.

## **7. How Do I Access My Money?**

You may make withdrawals or a full surrender under the Policy. Proceeds are also payable upon the death of the Owner or the Annuitant. See "Does the Policy have a Death Benefit?" When you surrender the Policy or when proceeds are payable on the death of an Owner or Annuitant, you can request that the proceeds be paid under an annuity option. See "What are my Annuity Options?"

#### **Withdrawals**

Except during the free-look period and prior to the earlier of the Annuity Date or the date the Annuitant dies, you may request to withdraw part of the Cash Surrender Value at any time unless withdrawals are limited or restricted under certain Qualified Policies. (If you have elected the "fixed years" annuity option, you may request withdrawals after the Annuity Date. See "What are my Annuity Options?") You may make requests for withdrawals in writing or by telephone, if we have your telephone authorization on file. See "Requesting



Payments and Telephone Transactions,” below. Any withdrawal must be at least \$500. We will pay you the withdrawal amount in one sum. Under certain circumstances, we may delay payments of proceeds from a withdrawal or surrender. See “Requesting Payments and Telephone Transactions,” below. Withdrawals are subject to income tax and may be subject to a 10% federal tax penalty, and may be limited or restricted under certain Qualified Policies. We are generally required to confirm, with your 403(b) plan sponsor or otherwise, that withdrawals comply with applicable tax requirements and to decline requests that are not in compliance.

When you request a withdrawal, you can direct how to deduct the withdrawal from your Policy Accumulation Value. If you provide no directions, we will deduct the withdrawal from your Policy Accumulation Value in the Subaccounts and Fixed Account on a pro-rata basis.

A withdrawal will take effect at the end of the Valuation Period when State Farm receives the withdrawal request in Good Order at the Variable Operation Center unless you request a later date. However, we reserve the right to reject any request with a requested withdrawal date later than 14 days after the request is signed. State Farm will process any withdrawal request received at the Variable Operation Center after the close of the Valuation Period on the next Valuation Day.

### **Surrenders**

You may request surrender of the Policy at any time prior to the earlier of the Annuity Date or the date the Annuitant dies. (If you have elected the “fixed years” annuity option, you may request a surrender after the Annuity Date. See “What are my Annuity Options?”) The Policy will terminate on the date we receive your request or such later date as you might request. We will pay you the Cash Surrender Value in one sum unless you choose an annuity option. After five Policy Years, if you choose a “life annuity,” “life annuity with certain period,” or a “joint and last survivor life annuity,” we will not deduct a surrender charge. Under certain circumstances, we may delay payments of proceeds from a withdrawal or surrender. See “Requesting Payments and Telephone Transactions,” below. Surrenders are subject to income tax and may be subject to a 10% federal tax penalty, and may be limited under certain Qualified Policies.

A surrender will take effect at the end of the Valuation Period when State Farm receives the surrender request in Good Order at the Variable Operation Center unless you request a later date. However, we reserve the right to reject any request with a requested surrender date later than 14 days after the request is signed. State Farm will process any surrender request received at the Variable Operation Center after the close of the Valuation Period on the next Valuation Day (unless you request a later date).

### **Systematic Withdrawal Program**

The systematic withdrawal program provides an automatic monthly, quarterly, semi-annual, or annual payment to you from the amounts you have accumulated in the Subaccounts and/or the Fixed Account. The minimum payment is \$100. You may elect to participate in the systematic withdrawal program at any time before the Annuity Date by sending a written request or by telephone, if you have telephone authorization on file. Once we have received your request in Good Order, the program will begin and will remain in effect until your Policy Accumulation Value drops to zero, unless you cancel or make changes in the program. We will deduct withdrawals under the systematic withdrawal program from your Policy Accumulation Value in the Subaccounts and the Fixed Account on a pro-rata basis. You may cancel or make changes in the program at any time by sending us a written request or by telephone if we have your telephone authorization on file.

We will assess any applicable surrender charge on these withdrawals. See “What are the Expenses Under the Policy? — Surrender Charge.” We do not deduct any other charges for this program. We reserve the right to discontinue offering the systematic withdrawal program at any time and for any reason.

### **Requesting Payments and Telephone Transactions**

**Requesting Payments.** You must send written requests for payment (except when we authorize telephone requests) to the Variable Operation Center. Transaction requests are not deemed received until they are received in Good Order at the Variable Operation Center. We will ordinarily pay any Death Benefit, withdrawal, or surrender proceeds within seven days after receipt at the Variable Operation Center of all the documents required for such a payment or, for surrenders and withdrawals, on a later date if you so request. All surrender, and withdrawal proceeds are generally paid by check and sent to the address of record for the Policy. We will determine the payment amount as of the end of the Valuation Period during which the Variable Operation Center receives all required documents. See “Does the Policy Have a Death Benefit?” for the documents required before a Death Benefit claim will be deemed in Good Order. If no annuity option has been chosen for a Death Benefit to be paid, or if the annuity option chosen is not available, we will pay a Death Benefit in one sum.

We may delay making a payment or processing a transfer request if:

- the disposal or valuation of the Variable Account’s assets is not reasonably practicable because the New York Stock Exchange is closed for other than a regular holiday or weekend, trading is restricted by the SEC, or the SEC declares that an emergency exists; or
- the SEC by order permits postponement of payment to protect State Farm’s Policy Owners.

If, pursuant to SEC rules, the BlackRock Government Money Market V.I. Fund suspends payment of redemption proceeds

(in connection with a liquidation of the Fund, or due to Fund liquidity levels) we will delay payment of any transfer, partial withdrawal, surrender, or death benefit from the BlackRock Government Money Market V.I. Subaccount until the Fund pays redemption proceeds.

We also may defer making payments attributable to a check that has not cleared, and we may defer payment of proceeds from the Fixed Account for a withdrawal or surrender request for up to six months from the date we receive the request. However, Cash Surrender Value paid under an annuity option will not be deferred.

Federal laws designed to counter terrorism and prevent money laundering by criminals may require us to reject a premium payment and/or block an Owner's account and thereby refuse to pay any request for transfers, withdrawals, full surrenders, or death benefits until instructions are received from the appropriate regulators. We also may be required to provide information about the Owner or the Annuitant and the Policy to government agencies and departments.

**Telephone Transactions.** You may make certain requests under the Policy by telephone if we have a written telephone authorization on file. These include (with certain restrictions) requests for transfers, withdrawals, changes in premium allocation instructions, systematic withdrawal changes, required minimum distributions, address changes, Roth reclassification, and the addition of or changes to the dollar cost averaging, removal of excess contributions, portfolio rebalancing, and interest advantage programs.

Our Variable Operation Center will employ reasonable procedures to confirm that instructions communicated by telephone are genuine. Such procedures may include, among others, requiring some form of personal identification prior to acting upon instructions received by telephone, providing written confirmation of such transactions, and/or tape recording of telephone instructions. Your request for telephone transactions authorizes us to record telephone calls. If we do not employ reasonable procedures, we may be liable for any losses due to unauthorized or fraudulent instructions. If we do employ reasonable procedures, we will not be liable for any losses due to unauthorized or fraudulent instructions. We reserve the right to place limits, including dollar limits, on telephone transactions. Telephone systems may not always be available. Any telephone system, whether it is yours, your service provider's, or ours, can experience outages or slowdowns for a variety of reasons. These outages or slowdowns may delay or prevent our processing of your request. Although we have taken precautions to help our systems handle heavy use, we cannot promise complete reliability under all circumstances. If you experience technical difficulties or problems, you should make your transaction request in writing to the Variable Operation Center. Transaction requests are not deemed received until they are received at the Variable Operation Center.

## 8. How Is the Performance of the Policy Presented?

State Farm may advertise or include in sales literature yields, effective yields and total returns for the Subaccounts. Effective yields and total returns for the Subaccounts are based on the investment performance of the corresponding portfolio of the Funds. **These figures are based on historical earnings and do not indicate or project future performance.** We may also advertise or include in sales literature a Subaccount's performance compared to certain performance rankings and indexes compiled by independent organizations, and we may present performance rankings and indexes without such a comparison.

The yield of the Subaccount investing in the BlackRock Government Money Market V.I. Fund refers to the annualized income generated by an investment in the Subaccount over a specified seven-day period. The yield is calculated by assuming that the income generated for that seven-day period is generated each seven-day period over a 52-week period. The effective yield is calculated similarly but, when annualized, the income earned by an investment in the Subaccount is assumed to be reinvested. The effective yield will be slightly higher than the yield because of the compounding effect of this assumed reinvestment.

The yield of a Subaccount (except the BlackRock Government Money Market V.I. Subaccount) refers to the annualized income generated by an investment in the Subaccount over a specified 30-day or one-month period. The yield is calculated by assuming that the income generated by the investment during that 30-day or one-month period is generated each period over a 12-month period.

The total return of a Subaccount refers to return quotations assuming an investment under a Policy has been held in the Subaccount for various periods of time. Average annual total return of a Subaccount tells you the return you would have experienced if you allocated a \$1,000 premium to a Subaccount for the specified period. "Standardized" average annual total return reflects all historical investment results, less all charges and deductions applied against the Subaccount, including any surrender charge that would apply if you terminated the Policy at the end of each period indicated. "Non-Standard" average annual total return information may be presented, computed on the same basis as described above, except that deductions will not include the surrender charge and/or the Annual Administrative Fee. In addition, we may from time to time disclose average annual total return in non-standard formats and cumulative total return for a Subaccount.

We may, from time to time, also disclose yield, standard total returns, and non-standard total returns for the Funds. We may also disclose yield, standard total returns, and non-standard total returns of funds or other accounts managed by the Funds' adviser or subadvisers with investment objectives similar to those of the Funds, and Subaccount performance based on that performance data. Non-standard performance will be accompanied by standard performance.

In advertising and sales literature, the performance of each Subaccount may be compared to the performance of other variable annuity issuers in general or to the performance of particular types of variable annuities investing in underlying funds, or investment series of underlying funds with investment objectives similar to each of the Subaccounts. Advertising and sales literature may also present the performance of the S&P 500 Index, a widely used measure of stock performance, either by itself or compared to the performance of one or more Subaccounts. This unmanaged index assumes the reinvestment of dividends but does not reflect any "deduction" for the expense of operating or managing an investment portfolio. Other independent ranking services and indexes may also be used as a source of performance comparison or presentation. We may also report other information, including the effect of tax-deferred compounding on a Subaccount's investment returns, or returns in general, which may be illustrated by tables, graphs, or charts.

## 9. Does the Policy Have A Death Benefit?

The Policy offers a Death Benefit if the Annuitant dies before the Annuity Date. We will determine the Death Benefit amount using Accumulation Unit Values as of the end of the Valuation Period during which we receive all of the documents needed to deem a Death Benefit claim in Good Order. If these documents are received at the Variable Operation Center after the close of the Valuation Period, State Farm will process the Death Benefit on the next Valuation Day. The following documents must be received by the Variable Operation Center before a Death Benefit claim will be deemed in Good Order: a certified copy of the death certificate, the State Farm Claimant's Statement, the Request for Taxpayer Identification Number and Certification (IRS Form W-9), and the applicable State Farm Insurance Companies Claim Election Form. Until we receive all of these required documents, the Policy Accumulation Value will remain invested in the Subaccounts and/or the Fixed Account based on the allocation percentages in effect at the time.

The Death Benefit amount will be the greater of:

- (1) the sum of all premiums paid **less** any withdrawals and any applicable surrender charges on those withdrawals; or
- (2) the Policy Accumulation Value.

If the Annuitant is under age 80 when the Policy is issued and dies on or after the first Policy Anniversary, then the Death Benefit amount will be the greatest of (1) or (2) above, or:

- (3) the Maximum Anniversary Value on the Policy Anniversary on or immediately preceding the date we receive all required documents, **plus** any premiums received on or after that Policy Anniversary, **less** any withdrawals and applicable surrender charges deducted on or after that Policy Anniversary.

The Maximum Anniversary Value on the first Policy Anniversary is the greater of:

- (1) any premiums received on or after the Policy Date but before the first Policy Anniversary, **less** any withdrawals and applicable surrender charges deducted on and after the Policy Date but before the first Policy Anniversary; or
- (2) the Policy Accumulation Value, before we process any transactions on that date.

The Maximum Anniversary Value on each Policy Anniversary after the first until the Policy Anniversary when the Annuitant is age 80 is the greater of:

- (1) The Maximum Anniversary Value on the previous Policy Anniversary, **plus** any premiums received on or after that Policy Anniversary but before the current Policy Anniversary, **less** any withdrawals and applicable surrender charges deducted on and after that Policy Anniversary but before the current Policy Anniversary; or
- (2) the Policy Accumulation Value on the current Policy Anniversary, before we process any transactions on that date.

The Maximum Anniversary Value on each Policy Anniversary after the Policy Anniversary when the Annuitant is Age 80, is equal to the Maximum Anniversary Value applicable on the Policy Anniversary when the Annuitant was age 80, **plus** any premiums received on and after that Policy Anniversary but before the current Policy Anniversary, **less** any withdrawals and applicable surrender charges deducted on and after that Policy Anniversary but before the current Policy Anniversary.

If the Death Benefit is payable and an annuity income option is chosen, the Annuity Date will be the date at the end of the Valuation Period during which we receive all required documents. The beneficiary must choose the annuity option as well as whether the annuity income payments are to be fixed or variable or a combination of fixed and variable. See "What are my Annuity Options?" For Qualified Policies, please note that not all annuity income options will satisfy required distribution rules for every beneficiary. If no annuity income option has been chosen for the Death Benefit to be paid, or if the annuity income option chosen is not available, the Death Benefit will be paid in one sum. See "How Do I Access My Money? — Requesting Payments and Telephone Transactions." For a discussion of the order for payment to beneficiaries, as well as how beneficiaries are designated, see "Payment of Proceeds Upon Death of Owner or Annuitant" in the Statement of Additional Information.

If any Owner dies before the Annuity Date, unless the Owner is the Annuitant, the Cash Surrender Value of the Policy will be payable. There are certain exceptions to this rule. For a discussion of the rules for paying the proceeds upon the death of an Owner, see "Death of Owner" in the Statement of Additional Information.

Please note that any death benefit payment we make in excess of the Policy Accumulation Value is subject to our financial strength and claims-paying ability.

**Abandoned Property Requirements.** Every state has unclaimed property laws which generally declare annuity contracts to be abandoned after a period of inactivity of three to five years from the contract's maturity date or date the death benefit is due and payable. For example, if the payment of a Death Benefit has been triggered, but, if after a thorough search, we are still unable to locate the beneficiary of the Death Benefit, or the beneficiary does not come forward to claim the Death Benefit in a timely manner, the Death Benefit will be paid to the abandoned property division or unclaimed property office of the state in which the beneficiary or the Owner last resided, as shown on our books and records, or to our state of domicile. This "escheatment" is revocable, however, and the state is obligated to pay the Death Benefit if your beneficiary steps forward to claim it with the proper documentation. To prevent such escheatment, it is important that you update your beneficiary designations, including full names and complete addresses, if and as they change.

## 10. What Other Information Should I Know?

### *State Farm and the Variable Account*

**State Farm Life Insurance Company.** State Farm is an Illinois stock life insurance company that is wholly-owned by State Farm Mutual Automobile Insurance Company, an Illinois mutual insurance company. State Farm's Home Office is located at One State Farm Plaza, Bloomington, Illinois 61710-0001. State Farm was incorporated in 1929 and has been continuously engaged in the life insurance business since that year. State Farm is subject to regulation by the Insurance Department of the State of Illinois as well as by the insurance departments of all other states and jurisdictions in which it does business. State Farm sells insurance in 47 states and the District of Columbia. State Farm submits annual statements on its operations and finances to insurance officials in such states and jurisdictions. The Policy described in this prospectus has been filed with and, where required, approved by, insurance officials in those jurisdictions where it is sold.

**State Farm's Fixed Account Option.** The Fixed Account is part of State Farm's general account assets. State Farm's general account assets are used to support our insurance and annuity obligations other than those funded by separate accounts. Subject to applicable law, State Farm has sole discretion over the investment of the assets of the Fixed Account.

Please note that any guarantees we provide in connection with the Fixed Account option are subject to our financial strength and claims-paying ability.

**Because of exemptive and exclusionary provisions, we have not registered interests in the Fixed Account under the Securities Act of 1933 nor have we registered the**

**Fixed Account as an investment company under the 1940 Act. Accordingly, neither the Fixed Account nor any interests therein are subject to the provisions of these Acts and, as a result, the staff of the SEC has not reviewed the disclosure in this prospectus relating to the Fixed Account. The disclosure regarding the Fixed Account may, however, be subject to certain generally applicable provisions of the federal securities laws relating to the accuracy and completeness of statements made in a prospectus.**

**The Variable Account.** State Farm established the Variable Account as a separate investment account under Illinois law on December 9, 1996. State Farm owns the assets in the Variable Account and is obligated to pay all benefits under the Policies. State Farm uses the Variable Account to support the Policies as well as for other purposes permitted by law. The Variable Account is registered with the SEC as a unit investment trust under the 1940 Act and qualifies as a "separate account" within the meaning of the federal securities laws. Such registration does not involve any supervision by the SEC of the management of the Variable Account or State Farm. State Farm has established other separate investment accounts, of which State Farm Life Insurance Company Variable Life Separate Account is registered with the SEC under the 1940 Act.

The Variable Account is divided into Subaccounts, each of which currently invests in shares of a specific Fund. These Subaccounts buy and redeem Fund shares at net asset value without any sales charge. Any dividend from net investment income and distribution from realized gains from security transactions of a Fund is reinvested at net asset value in shares of the same Fund. Income, gains and losses, realized or unrealized, of a Subaccount are credited to or charged against that Subaccount without regard to any other income, gains or losses of State Farm. Assets equal to the reserves and other contract liabilities with respect to each Subaccount are not chargeable with liabilities arising out of any other business or account of State Farm. If the assets exceed the required reserves and other liabilities, State Farm may transfer the excess to its general account.

The Variable Account may include other Subaccounts that are not available under the Policy and are not otherwise discussed in this prospectus. State Farm may substitute another subaccount or insurance company separate account under the Policies if, in State Farm's judgment, investment in a Subaccount should no longer be possible or becomes inappropriate to the purposes of the Policies, or if investment in another subaccount or insurance company separate account is in the best interest of Owners. No substitution may take place without notice to Owners and prior approval of the SEC and insurance regulatory authorities, to the extent required by the 1940 Act and applicable law.

State Farm reserves the right, subject to compliance with applicable law, to add new funds, remove existing Funds, or substitute new fund shares that are held by a subaccount for shares of a different fund. New or substitute funds may have

different fees and expenses, and their availability may be limited to certain classes of purchasers.

The Funds currently sell shares to separate accounts to serve as the underlying investment for both variable life insurance policies and variable annuity contracts. We currently do not foresee any disadvantage to Owners arising from the sale of shares to support variable life insurance policies and variable annuity contracts. However, we will monitor events in order to identify any material irreconcilable conflicts that may possibly arise. In that event, we would determine what action, if any, should be taken in response to those events or conflicts. In addition, if we believe that a Fund's response to any of those events or conflicts insufficiently protects Owners, we will take appropriate action on our own, including withdrawing the Variable Account's investment in that Fund. See the Fund's prospectus for more detail.

The benefits under the Policy are paid by us from our general account assets and/or your Policy Accumulation Value held in the Separate Account. It is important that you understand that payments of these benefits is not guaranteed and depends upon certain factors as discussed below.

**Assets in the Variable Account.** You assume all of the investment risk for premiums and Policy Accumulation Value allocated to the Subaccounts. Your Policy Accumulation Value in the Subaccounts is part of the assets of the Variable Account. These assets may not be charged with liabilities arising from any other business that we may conduct. This means that, with very limited exceptions, all assets in the Variable Account attributable to your Policy Accumulation Value and that of all other Policy Owners would receive a priority of payment status over other claims in the event of an insolvency or receivership.

**Assets in the General Account.** The Policy also permits you to allocate premiums and Policy Accumulation Value to the Fixed Account, which is part of our General Account. Amounts allocated to the Fixed Account, plus any guarantees under the Policy that exceed your Policy Accumulation Value (such as those associated with the Death Benefit), are paid from our General Account. Therefore, any amounts that we may pay under the Policy in excess of Policy Accumulation Value are subject to our financial strength and claims-paying ability.

We issue other types of insurance policies and financial products as well, such as fixed term and universal life insurance and fixed annuities and we also pay our obligations under these products from our assets in the General Account. In the event of State Farm's insolvency or receivership, payments we make from our General Account to satisfy claims under the Policy would generally receive the same priority as our other policy holder obligations.

**Our Financial Condition.** As an insurance company, we are required by state insurance regulation to hold a specified amount of reserves in order to meet all the contractual obligations of our General Account. In order to meet our claims-paying obligations, we regularly monitor our reserves to ensure we hold sufficient amounts to cover actual or expected

contract and claims payments. However, it is important to note that there is no guarantee that we will always be able to meet our claims paying obligations, and that there are risks to purchasing any insurance product.

State insurance regulators also require insurance companies to maintain a minimum amount of capital, which acts as a cushion in the event that the insurer suffers a financial impairment, based on the inherent risks in the insurer's operations. These risks include those associated with losses that we may incur as the result of defaults on the payment of interest or principal on our General Account assets, which include bonds, mortgages, general real estate investments, and stocks, as well as the loss in value of these investments resulting from a loss in their market value. We continually evaluate our investment portfolio to mitigate market risk and actively manage the investments in the portfolio.

**Information Regarding the COVID-19 Pandemic.** The COVID-19 pandemic has resulted in operational disruptions, as well as market volatility and general economic uncertainty. To address operational disruptions in connection with the COVID-19 pandemic, we have implemented business continuity plans so we can continue to provide services to our customers, even as many of our employees and the employees of our service providers continue to work remotely. While these efforts have been successful to date, we continue to be subject to risks that could negatively impact our operations, including system failure, mail delivery delays, unavailability of critical personnel due to illness or other reasons related to the pandemic, and disruptions to service providers. Significant market volatility and negative market returns have occurred during the COVID-19 pandemic. While we are confident in our ability to manage the financial risks related to the COVID-19 pandemic, the extent and duration of such risks cannot be predicted with certainty, and prolonged negative economic conditions could have a negative impact on our financial condition.

**How to Obtain More Information.** We encourage Policy Owners to read and understand our financial statements. We prepare our financial statements on a statutory basis, as required by state regulators. Our audited statutory financial statements are included in the Statement of Additional Information (which is available at no charge by calling us toll free at (888) 702-2307, writing us at P.O. Box 2307, Bloomington, Illinois 61702-2307, or going to [www.statefarm.com](http://www.statefarm.com)). In addition, the Statement of Additional Information is available on the SEC's website at <http://www.sec.gov>.

**Voting of Fund Shares.** State Farm is the legal owner of shares held by the Subaccounts and as such has the right to vote on all matters submitted to shareholders of the Funds. However, as required by law, State Farm will vote shares held in the Subaccounts at regular and special meetings of shareholders of the Funds in accordance with instructions received from Owners with Policy Accumulation Value in the Subaccounts. To obtain voting instructions from Owners, before a meeting of shareholders of the Funds, State Farm will send or make available to Owners voting instruction materials, a voting

instruction form and any other related material. It is important that each Owner provide voting instructions to State Farm because shares held by a Subaccount for which no timely instructions are received will be voted by State Farm in the same proportion as those shares for which voting instructions are received. As a result, a small number of Owners may control the outcome of a vote. Should the applicable federal securities laws, regulations or interpretations thereof change so as to permit State Farm to vote shares of the Funds in its own right, State Farm may elect to do so.

#### ***Modification***

- We may modify the Policy as follows: to conform the Policy, our operations, or the operation of the Variable Account to the requirements of any law (or regulation issued by a government agency) to which we, the Policy, or the Variable Account is subject;
- to assure continued qualification of the Policy as an annuity under the Code; or
- to reflect a change in the operation of the Variable Account, if allowed by the Policy.

#### ***Distribution of the Policies***

State Farm VP Management Corp., an affiliate of State Farm, acts as the principal underwriter and distributor of the Policies. State Farm VP Management Corp. also acts as principal underwriter for State Farm Life Insurance Company Variable Life Separate Account, a separate account also established by State Farm, and may act as principal underwriter for other separate accounts established by affiliates of State Farm. State Farm VP Management Corp. is a corporation organized under the laws of the state of Delaware in 1996, is registered as a broker-dealer under the Securities Exchange Act of 1934, and is a member of the Financial Industry Regulatory Authority (FINRA). State Farm VP Management Corp.'s offices are located at One State Farm Plaza, Bloomington, Illinois 61710-0001.

The Policies may not be available in all states. The Policies are sold by certain registered representatives of State Farm VP Management Corp. who are also appointed and licensed as State Farm insurance agents.

We pay commissions to State Farm VP Management Corp. for sales of the Policies by its registered representatives of up to 2.5% of the premiums received. In addition, State Farm or its affiliates may pay additional cash and/or non-cash compensation to State Farm VP Management Corp.'s registered representatives. We also pay State Farm VP Management Corp.'s operating and other expenses related to distributing the Policies.

Commissions and other incentives are recouped through fees and charges deducted under the Policy.

#### ***Cyber Security and Business Continuity Risks***

We rely heavily on interconnected computer systems and digital data to conduct our variable product business activities.

Because our variable product business is highly dependent upon the effective operation of our computer systems and those of our business partners, our business is potentially vulnerable to disruptions from utility outages and other problems, and susceptible to operational and information security risks resulting from information systems failure (e.g., hardware and software malfunctions) and cyber attacks. These risks include, among other things, the theft, misuse, corruption and destruction of data maintained online or digitally, interference with or denial of service, attacks on websites and other operational disruption and unauthorized release of confidential customer information. Such systems failures and cyber attacks affecting us, any third party administrator, the Funds, intermediaries and other affiliated or third-party service providers may adversely affect us and your Policy Accumulation Value. For instance, cyber attacks may: interfere with our processing of Policy transactions, including the processing of orders with the Funds; cause the release and possible destruction of confidential customer or business information; impede order processing, subject us and/or our service providers and intermediaries to regulatory fines and financial losses; and/or cause reputational damage. Cyber security risks may also affect the issuers of securities in which the Funds invest, which may cause the Funds underlying your Policy to lose value. There can be no assurance that we or the Funds or our service providers will avoid losses affecting your Policy that result from cyber attacks or information security breaches in the future.

We are also exposed to risks related to natural and man-made disasters and catastrophes, such as (but not limited to) storms, fires, floods, earthquakes, public health crises, malicious acts, and terrorist acts, any of which could adversely affect our ability to conduct business. A natural or man-made disaster or catastrophe, including a pandemic (such as COVID-19), could affect the ability or willingness of our employees or the employees of our service providers to perform their job responsibilities. Even if our employees and the employees of our service providers are able to work remotely, those remote work arrangements could result in our business operations being less efficient than under normal circumstances and could lead to delays in our processing of Policy-related transactions, including orders from Policy owners. Catastrophic events may negatively affect the computer and other systems on which we rely, impact our ability to calculate Policy Accumulation Value, or have other possible negative impacts. These events may also impact the issuers of securities in which the Funds invest, which may cause the Funds underlying your Policy to lose value. There can be no assurance that we or the Funds or our service providers will be able to successfully avoid negative impacts associated with natural and man-made disasters and catastrophes.

#### ***Legal Proceedings***

State Farm and its affiliates, like other life insurance companies, are involved in lawsuits, including class action lawsuits. In some class action and other lawsuits involving insurers, substantial

damages have been sought and/or material settlement payments have been made. Although we cannot predict the outcome of any litigation with certainty, State Farm believes that at the present time there are no pending or threatened lawsuits that are reasonably likely to have a material adverse effect on the Variable Account or the ability of State Farm VP Management Corp. to perform under its principal underwriting agreement with the Variable Account, or the ability of State Farm to meet its obligations under the Policies.

### ***Reports to Policy Owners***

State Farm maintains records and accounts of all transactions involving the Policy, the Variable Account, and the Fixed Account. Each year, or more often if required by law, you will be sent a report showing information about your Policy for the period covered by the report. You will also be sent an annual and a semi-annual report (or a notice regarding the availability of such report, if permitted by applicable law) for each Fund underlying a Subaccount to which you have allocated Policy Accumulation Value, as required by the 1940 Act. In addition, when you pay premiums (other than by pre-authorized checking account deduction), or if you make transfers or withdrawals, you will receive a confirmation of these transactions.

### ***The Compliance and Ethics Forum for Life Insurers***

State Farm Life Insurance Company and State Farm Life and Accident Assurance Company are members of the Compliance and Ethics Forum for Life Insurers (CEFLI). CEFLI is an independent and voluntary organization created by the American Council of Life Insurance (ACLI) to improve customer confidence in the life insurance industry. Life insurers that are members of CEFLI agree to meet and maintain high standards of ethical conduct in their dealings with consumers for individual life insurance and annuity products.

### ***Financial Statements***

The Statement of Additional Information contains the audited statutory statements of admitted assets, liabilities, capital and surplus for State Farm as of December 31, 2020 and 2019, and the related statutory statements of operations and change in capital and surplus, and cash flows for the years ended December 31, 2020, 2019 and 2018 as well as the Report of the Independent Registered Public Accounting Firm. You should consider the financial statements of State Farm only as bearing on our ability to meet our obligations under the Policies. They should not be considered as bearing on the investment performance of the assets held in the Variable Account.

The Statement of Additional Information also contains the statements of assets and contract owners' equity and surplus for the Variable Account at December 31, 2020, and the related statements of operations for the year then ended and the changes in contract owners' equity and surplus for each of the two years in the period ended December 31, 2020, as well as the Report of the Independent Registered Public Accounting Firm.

The audits were conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States).

## **11. How Can I Make Inquiries?**

You may make inquiries regarding a Policy by writing to us at the Variable Operation Center, by calling us at (888) 702-2307 (Toll free), or visiting us online at [www.statefarm.com](http://www.statefarm.com).

Policy form numbers: Policy Series 97040 and 97090 in all states except MT, NY, WI; 97090 in MT, A97040 and A97090 in NY, WI.

# table of

## TABLE OF CONTENTS OF THE STATEMENT OF ADDITIONAL INFORMATION

The Statement of Additional Information contains additional information about the Policies and the Variable Account. The following is the Table of Contents for the Statement of Additional Information. You can obtain a free copy of the

Statement of Additional Information by writing to us at the Variable Operation Center, calling us at 1-(888) 702-2307 (Toll free) or going to [www.statefarm.com](http://www.statefarm.com).

### Statement of Additional Information Table of Contents

Additional Policy Provisions	1	Illustration of Calculation of Annuity Unit Value	3
The Policy	1	Illustration of Variable Annuity Payments	3
Ownership	1	Payment of Proceeds Upon Death of Owner or Annuitant	3
Incontestability	1	Death of Owner	3
Error in Age or Sex	1	Death of Annuitant	4
Participation	1	Addition, Deletion or Substitution of Investments	5
Assignment	1	Safekeeping of Account Assets	5
Net Investment Factor	2	Distribution of the Policies	6
Annuity Payment Provisions	2	Experts	6
Amount of Fixed Annuity Payments	2	Other Information	6
Amount of Variable Annuity Payments	2	Financial Statements	7
Annuity Units	2		
Annuity Unit Value	2		

# contents



## **Business Continuity Plan Disclosure for State Farm VP Management Corp.**

State Farm VP Management Corp. has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** — If after a significant business disruption you cannot contact us as you usually do at 1-888-702-2307, you can contact your State Farm agent (registered representative) or you may contact another local registered State Farm agent, or you should go to our web site at [statefarm.com](http://statefarm.com)<sup>®</sup>.

**Our Business Continuity Plan** — We plan to quickly recover and resume business operations as soon as possible after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data back-up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and procedures to help ensure that our customers have prompt access to their funds and securities if we are unable to continue our business.

Our business continuity plan may be revised or amended. If changes are made, an updated summary will be promptly posted on our website ([statefarm.com](http://statefarm.com)<sup>®</sup>). You may obtain a current summary of our business continuity plan by writing to us at State Farm Life Insurance Company Variable Annuity Separate Account of State Farm Life Insurance Company P.O. Box 2307 Bloomington, IL 61702-2307.

**Varying Disruptions** — Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we may transfer our operations to a local site when needed and expect to recover and resume business within 1 business day. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and expect to recover and resume business within 3 business days. In either situation, we plan to continue in business, transfer operations if necessary, and notify you through our web site [statefarm.com](http://statefarm.com)<sup>®</sup>, or you can contact us at 1-833-593-7109. In the unlikely event that the significant business disruption is so severe that it prevents us from remaining in business, our plan provides procedures to help ensure that our customers have prompt access to their funds and securities.

In all of the situations described above, in light of the various types of disruptions that could take place and that every emergency poses unique problems, it may take longer to resume operations during any particular disruption.

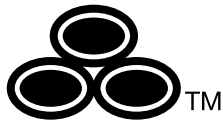
**For more information** — If you have questions about our business continuity planning, you can contact us at 1-888-702-2307.

## **Securities Investor Protection Corporation (SIPC)**

You may obtain information about SIPC, including the SIPC brochure, at [www.sipc.org](http://www.sipc.org) or calling (202) 371-8300.

State Farm VP Management Corp. serves as the principal underwriter and distributor of the Policies. More information about State Farm VP Management Corp. and its registered persons is available from the Financial Industry Regulatory Authority (FINRA). You may obtain information about FINRA's BrokerCheck tool, including an investor brochure that includes information describing FINRA's BrokerCheck tool, by contacting FINRA's BrokerCheck Hotline at (800) 289-9999, or by visiting FINRA's website at <http://www.finra.org>.

**StateFarm**



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