

This annual shareholder report contains important information about Franklin Income VIP Fund for the period January 1, 2024, to December 31, 2024. You can find additional information about the Fund at <https://www.franklintempleton.com/regulatory-fund-documents>. You can also request this information by contacting us at (800) 362-6243.

WHAT WERE THE FUND COSTS FOR THE LAST YEAR? (based on a hypothetical \$10,000 investment)

Class Name	Costs of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment*
Class 2 <sup>1</sup>	\$74	0.71%

\* Reflects fee waivers and/or expense reimbursements, without which expenses would have been higher.  
<sup>1</sup> Does not reflect expenses incurred from investing through variable annuity or variable life insurance products.

HOW DID THE FUND PERFORM LAST YEAR AND WHAT AFFECTED ITS PERFORMANCE?

For the twelve months December 31, 2024, Class 2 shares of Franklin Income VIP Fund returned 7.20%. The Fund compares its performance to the S&P 500 Index and the Blended Benchmark<sup>†</sup>, which returned 25.02% and 8.09%, respectively, for the same period.

PERFORMANCE HIGHLIGHTS

Top contributors to performance:

- ↑ Health care, information technology (IT), and energy sectors led absolute fixed income returns during the period. Top contributors within these respective sectors were Community Health Systems, CommScope Holding, and Calumet.
- ↑ Among equities, returns were driven by the financials, utilities, and industrials sectors. On an individual issuer basis, Bank of America, Federal National Mortgage Association, and Texas Instruments added value.
- ↑ Selection within IT and energy assisted relative fixed income returns, as did an underweight allocation to securitized products. Equity returns benefited from selection within financials and an overweight allocation to utilities.

Top detractors from performance:

- ↓ U.S. Treasuries (USTs), Multiplan and Ardagh Holdings detracted from fixed income returns within the health care and materials sectors, respectively.
- ↓ Equity performance was hindered by the health care sector. CVS Health detracted within health care, while Intel and Microchip Technology weakened returns within IT.
- ↓ Overweight positioning and selection among USTs, as well as within the consumer discretionary and financials sectors, hurt relative fixed income returns. Moreover, stock selection within IT, materials, and energy detracted from relative performance.

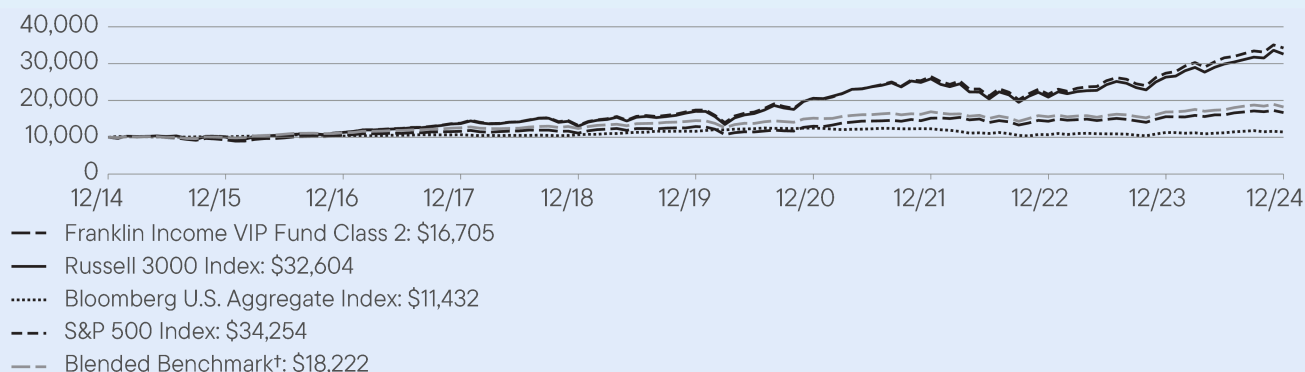
Use of derivatives and the impact on performance:

The Fund utilized UST futures to hedge duration positioning, equity-linked notes (ELNs) to generate investment income for the portfolio while maintaining prospects for capital appreciation, and equity put and call options to sell and reduce positions and/or initiate and add to positions. UST futures detracted from returns, while ELNs and equity put and call options contributed.

## HOW DID THE FUND PERFORM OVER THE LAST 10 YEARS?

The Fund's past performance is not necessarily an indication of how the Fund will perform in the future. The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

### VALUE OF A \$10,000 INVESTMENT – CLASS 2 12/31/2014 – 12/31/2024



### AVERAGE ANNUAL TOTAL RETURNS (%) Period Ended December 31, 2024

	1 Year	5 Year	10 Year
<b>Class 2</b>	7.20	5.29	5.27
<b>Russell 3000 Index</b>	23.81	13.86	12.54
<b>Bloomberg U.S. Aggregate Index</b>	1.25	-0.33	1.35
<b>S&amp;P 500 Index</b>	25.02	14.52	13.10
<b>Blended Benchmark†</b>	8.09	4.65	6.18

† The Fund's Blended Benchmark is comprised of 50% MSCI USA High Dividend Yield Index, 25% Bloomberg U.S. High Yield Very Liquid Index and 25% Bloomberg U.S. Aggregate Index.

Performance does not reflect expenses incurred from investing through variable annuity or variable life insurance products, which if reflected, would reduce performance of the Fund.

Fund performance figures may reflect fee waivers and/or expense reimbursements, without which the performance would have been lower.

Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

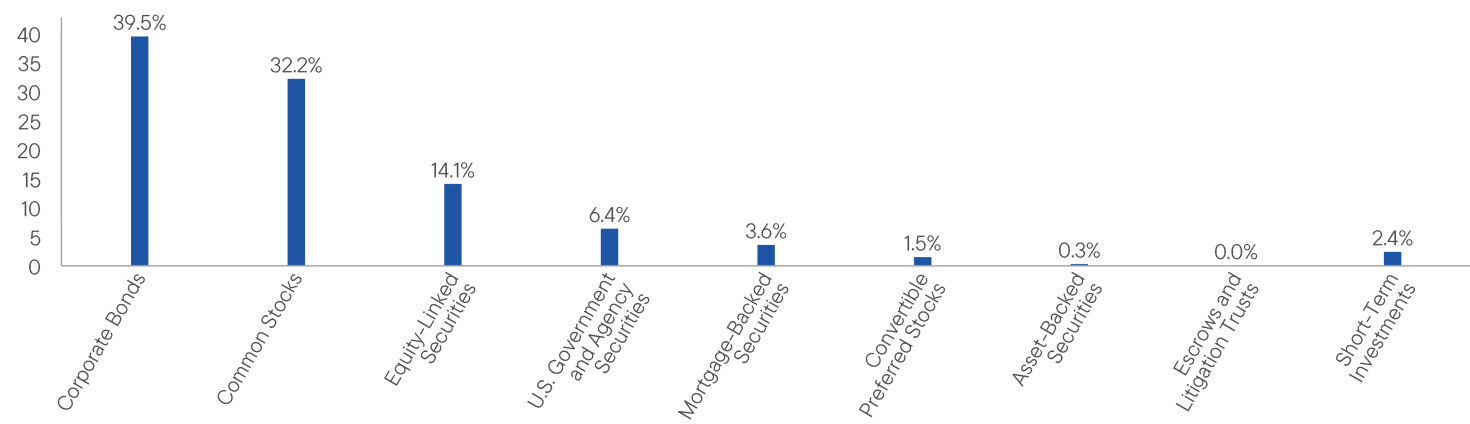
### KEY FUND STATISTICS (as of December 31, 2024)

<b>Total Net Assets</b>	\$3,142,224,636
<b>Total Number of Portfolio Holdings*</b>	268
<b>Total Management Fee Paid</b>	\$14,334,034
<b>Portfolio Turnover Rate</b>	39.80%

\* Does not include derivatives, except purchased options, if any.

WHAT DID THE FUND INVEST IN? (as of December 31, 2024)

Portfolio Composition\*† (% of Total Investments)



\* Does not include derivatives, except purchased options, if any.  
† Certain categories may represent less than 0.1%.



WHERE CAN I FIND ADDITIONAL INFORMATION ABOUT THE FUND?

Additional information is available on <https://www.franklintempleton.com/regulatory-fund-documents>, including its:

- prospectus
- proxy voting information
- financial information
- holdings
- tax information