



Understanding Dividends

Products issued by
National Life Insurance Company®

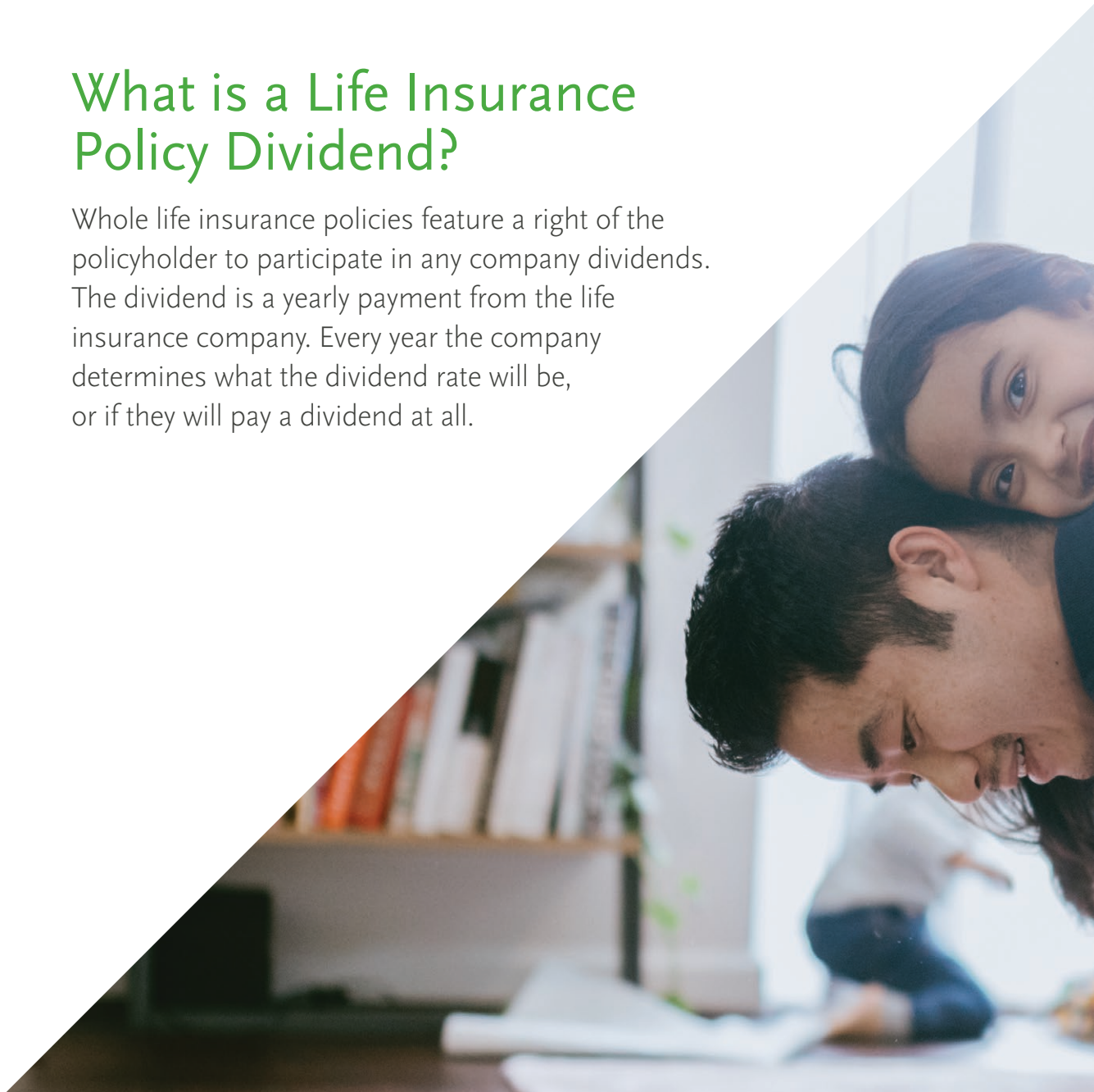
National Life Group® is a trade name of National Life Insurance Company and its affiliates.

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What is a Life Insurance Policy Dividend?

Whole life insurance policies feature a right of the policyholder to participate in any company dividends. The dividend is a yearly payment from the life insurance company. Every year the company determines what the dividend rate will be, or if they will pay a dividend at all.



How are Dividends Determined?

There are a number of different factors to consider. Premiums received, expenses, investment results, mortality experience and risk tolerance of the company all have an impact. When investments change, the dividend scale will change as well.



Investments have been a determining factor in today's dividend performance. When investments change, the dividend scale will change as well.

Why are Company Dividend Rates Different?

It is unlikely that any two insurance companies will make the exact same dividend decision. Determining whether to pay a dividend and setting the dividend rate is dependent on multiple factors. One company may have good premium receipts and expense management but experience market volatility and poor mortality experience. Another company may have differing risk tolerances. All factors lead to different decisions about dividends a company should pay, while maintaining a responsible reserve to support the long-term sustainability of the company.

National Life has a responsibility to the long term sustainability of the Company to protect its policyholders so we can keep the promises we have made. Responsibly declaring a dividend says that we are financially strong as represented by our ratings and with the growing relationships we have with both our agents and our customers.



Are Dividends Guaranteed?

Dividends cannot be guaranteed. Many aspects of the business impact dividend calculations and can change. Our dividend projections are based on what would be credited if the current dividend scale continued unchanged for a long period of time, which is unlikely.

How are Dividends Paid?

There are usually several dividend options to choose from. Dividend decisions can increase the death benefit, help to grow cash value, reduce or eliminate premium payments, can be given as cash or can be used to repay policy loans.

Cash

- Company sends the policyholder a check for the amount of the dividend

Premium Reduction

- The amount of dividend is deducted from the premium due

Paid Up Additions

- The amount of dividend is used to purchase additional paid up insurance.

On certain policies, National Life Group also offers an “internal paid-up option.” This option uses dividends to pay up portions of the base policy face amount. This option may pay up a policy sooner, as opposed to directing non-guaranteed dividends to pay future premiums.



Are All Insurance Companies the Same?

Here are the three most common insurance company structures; although there are others. All three pay dividends to policyholders.

Mutual

- No shareholders and is owned by its policyholders
- One challenge is a mutual company has less flexibility than other structures to raise capital

Stock

- A stock company is owned by its shareholders.
- A stock company has the ability to raise capital through stock offerings, which is one reason why a mutual company may decide to demutualize.
- Stock companies are responsible to their shareholders as well as their policyholders.

Mutual Holding

- A corporate structure that allows the company to achieve many of the capital raising advantages of a stock company, while permitting its policyholders to continue to retain certain governance rights.
- Policyholders become members of a top-tier mutual holding company

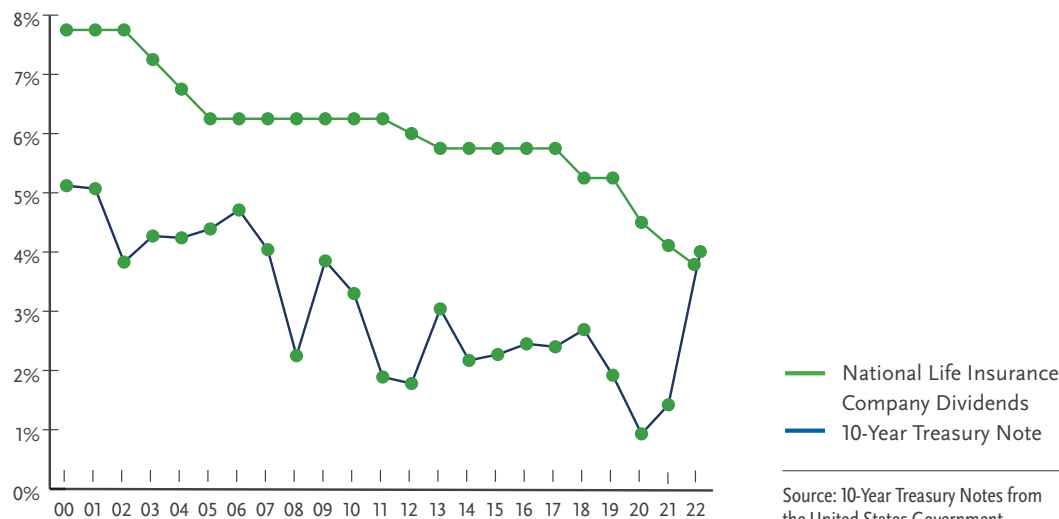
A CLOSER LOOK AT OUR DIVIDEND HISTORY



Year	NL
2000	7.75%
2001	7.75%
2002	7.75%
2003	7.25%
2004	6.75%
2005	6.25%
2006	6.25%
2007	6.25%

Year	NL
2008	6.25%
2009	6.25%
2010	6.25%
2011	6.25%
2012	6.00%
2013	5.75%
2014	5.75%
2015	5.75%

Year	NL
2016	5.75%
2017	5.75%
2018	5.25%
2019	5.25%
2020	4.50%
2021	4.25%
2022	4.00%
2023	4.00%



Source: 10-Year Treasury Notes from the United States Government. [federalreserve.gov](https://www.federalreserve.gov).

The Future

At National Life Group, we continue to make good on our promises. No one can tell what dividend scales will do in the future. They may decline, hold steady or increase. What is certain is that since 1848, National Life Insurance Company has distinguished itself as a company dedicated to quality and integrity. We continue to be dedicated to honoring our promises to our policyholders.







Centralized Mailing Address: One National Life Drive, Montpelier, VT 05604 | 800-732-8939 | www.NationalLife.com

No bank or credit union guarantee Not a deposit Not FDIC/NCUA insured May lose value
Not insured by any federal or state government agency

Guarantees are dependent upon the claims-paying ability of the issuing company.