

Life insurance dividends.

What are they and who gets them?

Dividends can be a complicated topic, so we're here to break it down for you. Life insurance dividends are non-guaranteed payments declared annually by a mutual life insurance company to policyholders of eligible life insurance policies. Life insurance dividends are not the same as stock dividends, which are profit-based payments paid by publicly traded companies to stockholders.



A lot goes into calculating a company's dividends.

Each year, the company looks at three factors as part of its dividend calculation to help determine the amount of surplus (assets minus liabilities) that has been produced by the participating policies.

1

Interest earnings.

The difference between the interest rate the company used to determine the guaranteed cash value for the participating policies and the actual interest rate the company achieved from its investments of the premium dollars and surplus funds.¹

2

Claims experience.

The difference between what the company projected it would pay out in death benefits and the actual death benefits paid to policyholders.

3

Operating expenses.

The difference between the company's projected expenses and the actual costs incurred by the company for acquiring new policies while servicing existing policies.

¹Does not represent the dividend payout percentage or increase in policy cash value from the dividend payout.

**The next step is determining dividend awards.
After a company evaluates the three factors
mentioned earlier, it is able to:**

Determine how much of the surplus from the participating policies will be set aside to pay future claims and manage the company

Call upon its Board of Trustees to approve a portion of the surplus to be paid out to policyholders in the form of dividends

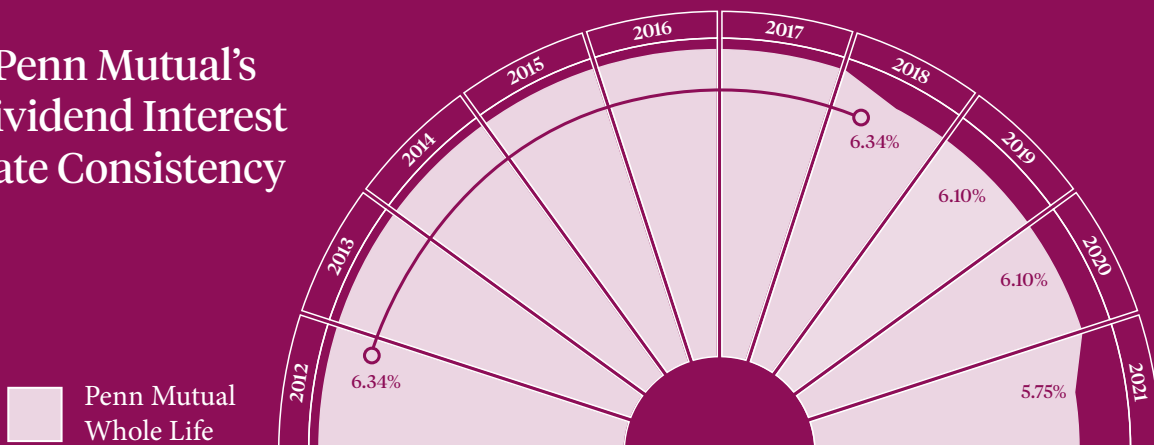
Determine the amount each eligible policyholder will receive based on the three factors as they relate to the actual policy they own

A mutual life insurance company's ability to consistently pay dividends is a good indication the company is financially strong.

Why is our dividend history so strong? One word: Consistency.

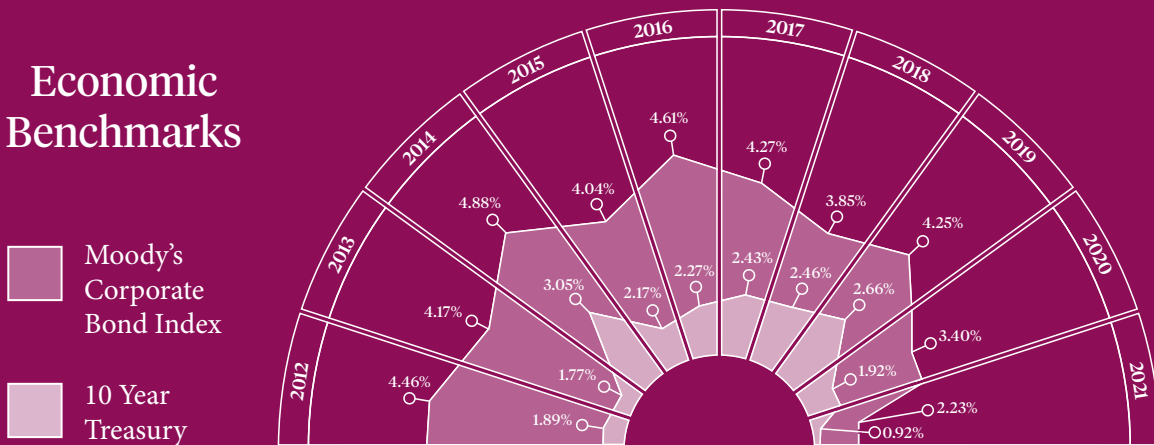
Take a look at our dividend interest rate consistency over the last 10 years, despite fluctuations in the performance of economic benchmarks such as 10 Year Treasury Bonds and Moody's Corporate Bond Index.

Penn Mutual's Dividend Interest Rate Consistency



■ Penn Mutual
Whole Life

Economic Benchmarks



■ Moody's
Corporate
Bond Index

■ 10 Year
Treasury

Plus, our claims experience and operating expenses for whole life policies sold over the last ten years have been as projected. Consistency across all three factors of the dividend calculation has allowed us to offer strong dividend payouts to eligible whole life policyholders every year.

Contact your financial professional today to learn more about what
Penn Mutual's strong dividend history can mean for you.

All guarantees are based on the claims paying ability of the issuer. Dividends are not guaranteed.

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