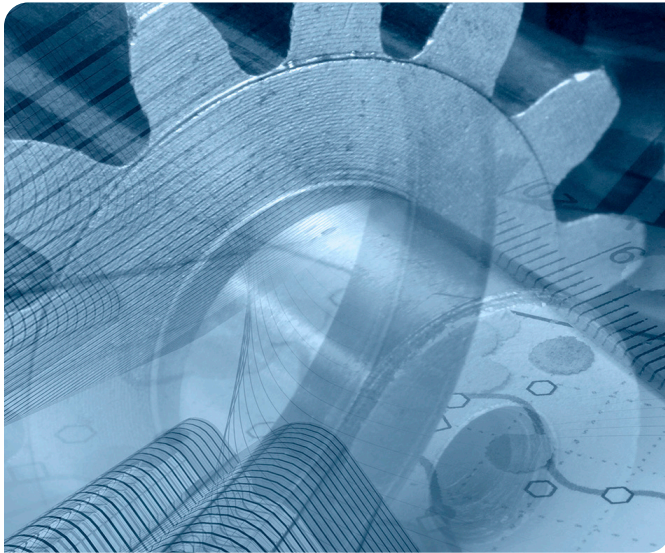




Whole Life Insurance Direct vs. Non-Direct Recognition



Do Loans Affect Dividends?

A direct recognition company will charge an interest rate on a loan and adjust the dividend credited to the policy. A non-direct recognition company will charge interest on a policy loan but does not adjust the dividend.

Therefore, dividends under a direct recognition contract will be different for policies with a loan than for policies that do not have a loan. On a non-direct recognition contract, the dividend credited to the policy will be the same whether there is a loan or not.

Some companies may have products that are a mix of direct and non-direct. The Lafayette Life Insurance Company (Lafayette Life) dividend paying whole life policies are all non-direct recognition.

As long as the loan is repaid and the interest is paid, the cash value in the policy would be the same as if the client had not taken a loan.

Lafayette Life vs. Core Competitors: Whole Life Products*

Company	No (Non-Direct)	Yes (Direct)
Lafayette Life	✓	
Ameritas	✓	✓
Guardian Life Ins	✓	✓
Massachusetts Mutual Life	✓	✓
Mutual Trust		✓
National Life Group		✓
New York Life	✓	
Northwestern Mutual Life		✓
Ohio National	✓	
One America	✓	
Penn Mutual Life		✓

* Information current as of July 10, 2025. These ten insurance carriers represent a sampling of Lafayette Life's core competitors.

Competitor information is obtained from sources believed to be reliable, but its accuracy or completeness is not guaranteed. This data is for informational purposes and is not intended as a solicitation or recommendation of any insurance product. Premium rate, product availability, underwriting classes, exclusions and other contract provisions may vary by company and/or state. Please inquire with each company for specific details.

Dividends on Whole Life Insurance Policies

What Is A Dividend?

A dividend is a return of premium. Premiums for a dividend-paying Whole Life policy are determined using conservative mortality, interest and company expense assumptions.

The Lafayette Life board of directors, when reviewing the company's operating results each year, may

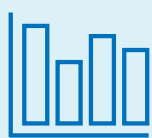
declare a dividend when the operating results are better than these assumptions. Dividends are not and cannot be guaranteed.

The dividend scale determines how the dividends will be allocated to each policy. This allocation is determined annually by a number of factors.

How Is The Dividend Scale Determined?



Interest Factor



Mortality Factor



Expense Factor



Amount Available
for Dividends

Lafayette Life's Dividend Scale is set annually based on:

Interest Factor: The company's investment earnings in excess of the guaranteed rate, calculated on the reserves backing the policy values.

Mortality Factor: The difference between the guaranteed mortality assumed in the policy premium and actual experience.

Expense Factor: The difference between expenses assumed in the policy premium and actual expenses.

Dividends Cannot Be Guaranteed

It is important when discussing dividends to make certain the proposed insured understands that dividends are not and cannot be guaranteed. All proposals for life insurance are required by law to state this fact.

Loans, withdrawals and advances will reduce the death benefit and cash surrender value and may cause the policy to lapse. The lapse or surrender of a policy with an outstanding loan may result in taxable income.

Information provided is general and educational in nature, and is not intended to be, and should not be construed as, legal or tax advice. Lafayette Life does not provide legal or tax advice. Laws of specific state or laws relevant to a particular situation may affect the applicability, accuracy or completeness of this information. Federal and state laws and regulations are complex and subject to change. Lafayette Life makes no warranties with regard to the information or results obtained by its use. Lafayette Life disclaims any liability arising out of your use of, or reliance on, the information. For specific tax information, please advise your clients to consult their attorney or accountant.

No bank guarantee. Not a deposit. May lose value. Not FDIC/NCUA insured. Not insured by any federal government agency.

Life insurance products are issued and guaranteed by The Lafayette Life Insurance Company. Guarantees are based on the claims-paying ability of the company.

The Lafayette Life Insurance Company, Cincinnati, Ohio, operates in D.C. and all states except New York, and is a member of Western & Southern Financial Group, Inc.

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