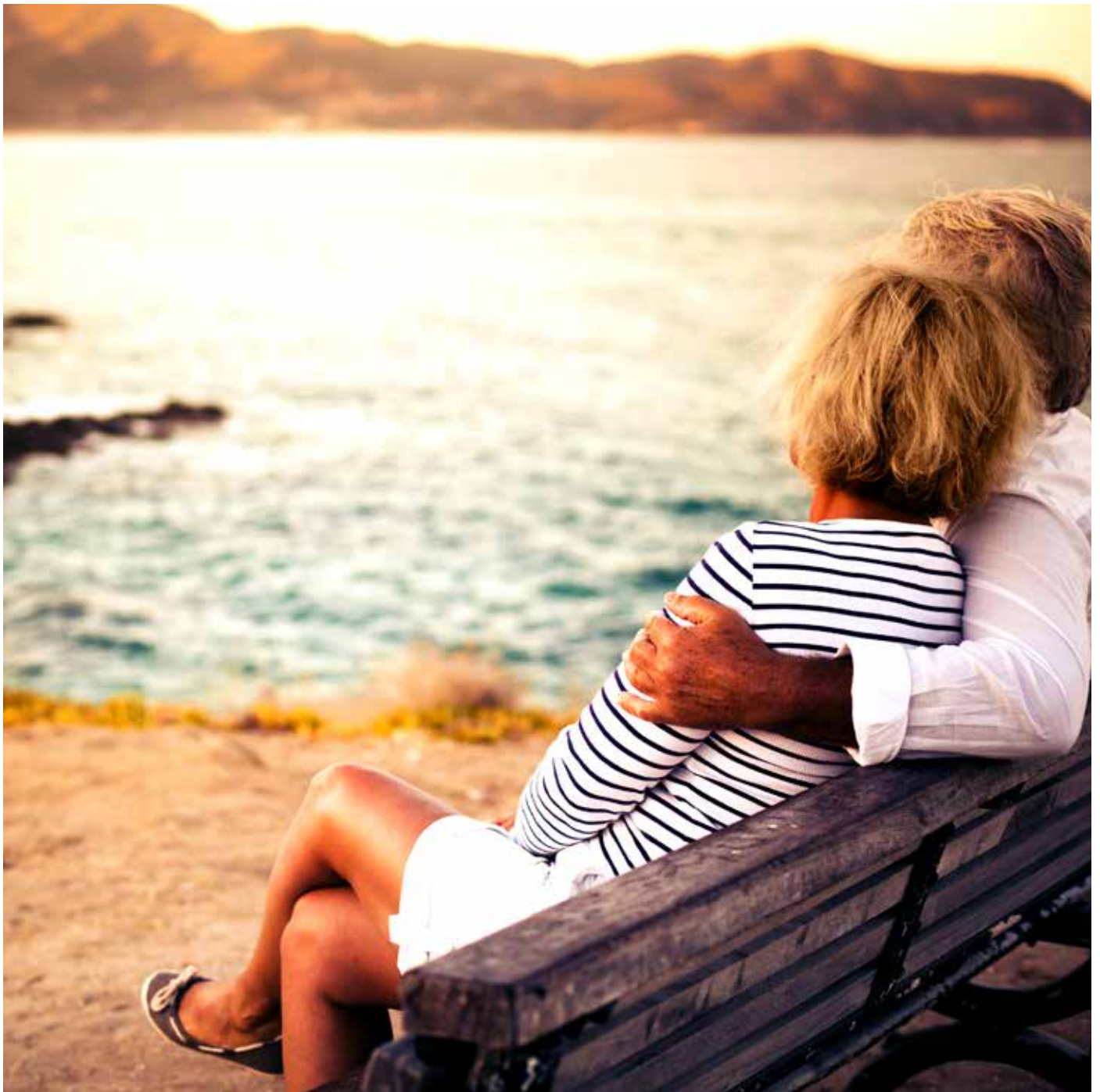


# The Dividend Story

*The difference whole life insurance dividends can make for you*



**ONEAMERICA®**


*OneAmerica® is the marketing name for the companies of OneAmerica*


A participating whole life insurance policy that is eligible for dividends can be an integral part of your financial journey. This brochure explains what dividends are and how they can work for you.


# What are dividends?

A dividend is a benefit of your whole life policy that, if declared, can accelerate the growth of your cash value and death benefit. OneAmerica® can declare dividends through its board of directors each year. Dividends generally begin at the end of the second policy year.

## Three factors that determine dividends

**1**  **Mortality rates (death claims):** When your premiums are established, a conservative assumption for mortality is determined to pay claims in the future. When the actual amount of claims is less than the amount built into the premiums, this generates surplus and adds to the amount available to pay dividends.

**2**  **Corporate expenses:** Expenses are also projected when the premiums are determined. When the company manages expenses at a level better than that built into the premiums, more surplus is available to add to the dividends.

**3**  **Investment return:** Like mortality and expenses, there is an interest rate used to determine premium levels. As company investment experience exceeds that interest rate, the excess becomes available to increase dividend levels.

**Commitment from the Board of Directors:** The Board determines the amount of dividends, if any, to pay to policyholders after consideration for ongoing monetary needs of the enterprise to ensure our long-term ability to pay claims. Our committed Board has a long history of declaring dividends.

### Dividend interest rates

Often the discussion around dividends focuses only on the interest rate. Once a rate is declared, the conversation usually stops when it should really just be the beginning. Consider the following: Historically, when rates were high, the interest component was the largest contributor to the total dividend; with low interest rates, that is no longer always the case. The interest component of the dividend is also the most dynamic from year to year as the other components tend to be more stable and predictable. Interest rates also tend to be easier to discuss than mortality and expense rates.

Additionally, a “dividend interest rate” is only comparable within the same company, not company to company, as there is no industry standard on how to calculate this rate, nor an industry standard formula for other dividend components. While many companies publish a “dividend interest rate” each year, it is only part of the dividend story, which is why OneAmerica does not publish an interest rate. Have a complete conversation about dividends rather than just discussing the interest rate.

# Dividend flexibility

Participating whole life insurance policies have several options for how you use your dividends. We understand that as your financial goals change, you may wish to choose a different dividend option. That's why you can change your dividend selection at anytime.

## You can elect to use dividends for:

- Purchasing additional whole life insurance that is fully paid up
- Receiving cash payments
- Reducing the amount you pay for your insurance coverage
- Accumulating them (in your policy and earning interest)
- Decreasing any policy loans you take by the amount of your dividend

## How dividends can impact

### a whole life insurance policy

If you elect to use dividends to purchase additional insurance, the result is that your overall cash value and life insurance protection can greatly increase. That means more cash value for your use during your lifetime — or a greater legacy to leave your loved ones or business after you are gone.

### Dividends and policy loans

OneAmerica provides the same dividend whether or not you have a policy loan. If you elect to take a loan against your whole life insurance policy, you will still receive dividends when OneAmerica declares them.

### Dividends and taxation

The total amount you pay for your participating policy is known as the “cost basis.” You may take dividend distributions that total up to the cost basis free from taxation.

### Dividend potential

Dividends can provide a way for you to:

- Reduce the amount that you pay for your life insurance protection
- Increase your cash value accumulation
- Leave a greater legacy to your loved ones or business

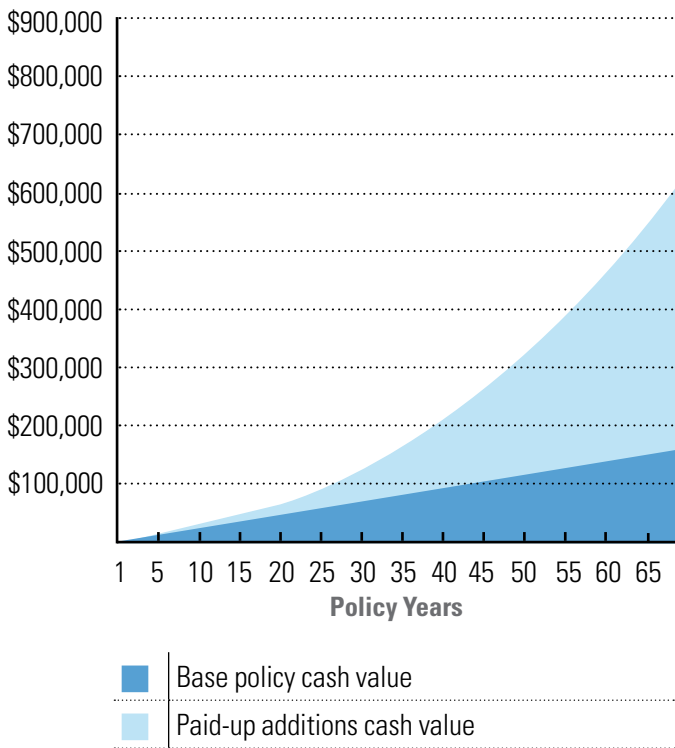


### Cash value and dividends

Although not guaranteed, dividends can provide a way for you to increase your cash value accumulation with no additional out-of-pocket expenses. We cannot predict future dividend payments; however, OneAmerica has a long history of paying dividends.

The hypothetical graph below shows how it works. You can compare the base policy and paid-up additions (not guaranteed) cash value growth and see the potential a whole life policy can offer you.

#### Cash value growth

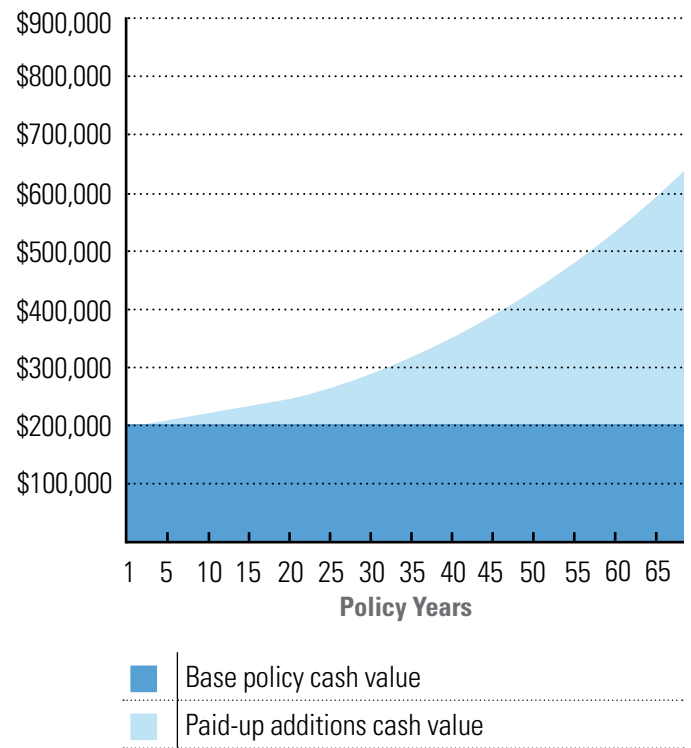


### Death benefit growth

Similar to cash value accumulation, dividends can increase the death benefit amount. Again, this can occur with no additional out-of-pocket expenses and can allow you to leave a bigger legacy to your loved ones than you originally planned.

In the hypothetical example, the insured's beneficiaries are left with a death benefit of \$200,000 at a minimum. Any non-guaranteed dividend has the potential to greatly increase that amount.

#### Death benefit growth



Assumptions: Male, age 35, preferred non-tobacco risk class. \$200,000 base coverage with no optional features. \$2,370 annual cost. Dividends are purchasing paid-up additional insurance.

**Note:** All numeric examples listed are hypothetical, not guaranteed and provided for explanatory purposes only. These examples are not intended to represent typical cost or performance. Please obtain a complete illustration and carefully consider before purchasing a policy.

# A history of actual values for our policyholders

OneAmerica takes great pride in helping our policyholders reach milestone moments, and we are happy that we are able to show a history of adding value for the financial journey.

## How dividends affect cash value and death benefit protection

Dividends have the potential to increase the cash value and death benefit on your policy. The table below shows when comparing illustrated to actual values, it is evident that OneAmerica illustrates responsibly.

## Understanding Internal Rate of Return (IRR)

IRR is the rate of growth (i.e. the policy's gain) disregarding taxes and inflation. To be more technical, IRR is the rate at which the annual

premiums would have compounded every year in order to equal the indicated value in the chart below (such as the long term cash value or death benefit).

Due to historically low interest rates during the past decade, our projected dividends exceeded actual performance only recently. In the example graph below, note the difference in the two internal rates of return on total cash value was only 0.12%, a reduction that is significantly less than we've seen in interest rates during the past decade.

## Example — 30+ year performance history

Policy anniversary	Cash value without dividends	Death benefit without dividends	Total cash value with dividends		Total death benefit with dividends	
			Illustration	Actual	Illustration	Actual
1981	\$0	\$100,000.00	\$0	\$0	\$100,000.00	\$100,000.00
1985	\$5,294.00	\$100,000.00	\$5,585.50	\$5,921.03	\$100,915.00	\$101,969.00
1990	\$13,000.00	\$100,000.00	\$14,595.11	\$16,494.77	\$104,285.00	\$109,389.00
1995	\$23,180.00	\$100,000.00	\$27,974.81	\$31,692.58	\$111,105.00	\$119,716.00
2000	\$34,526.00	\$100,000.00	\$45,197.96	\$49,886.08	\$121,530.00	\$130,988.00
2005	\$43,893.00	\$100,000.00	\$65,587.55	\$69,805.32	\$138,577.00	\$146,077.00
2010	\$53,061.00	\$100,000.00	\$90,862.71	\$92,971.71	\$160,059.00	\$163,410.00
2015	\$61,621.00	\$100,000.00	\$121,238.72	\$118,306.61	\$185,966.00	\$181,738.00
<b>30+ year IRR</b>			<b>4.40%</b>	<b>4.28%</b>	<b>6.42%</b>	<b>6.31%</b>

**Note:** Although the above numeric examples reflect actual policy history, the examples are not intended to represent future cost or performance. The results for other time frames and years will result in a different outcome. Please obtain a complete illustration and carefully consider before purchasing a policy.



## Our promise

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Our unwavering commitment to our policyholders allows us to assist our clients in their journey toward meeting their financial goals.

### Our commitment

You can feel confident in knowing that our whole life insurance suite is backed by a company that has been meeting customer commitments for 140 years. As a mutual insurance organization, our policyholders are our central focus. With over \$71.4 billion in combined assets under administration and a conservative investment approach, we put strategies in place so that we can continue to be there when our customers need us most.



## Dividend payments

Many financial tragedies have taken place, but OneAmerica has a long history of paying dividends.

1893

The Panic of 1893

1907

The Panic of 1907;  
247 U.S. banks fail

1929

“Black Thursday;”  
Stock market crashes

1932

25% unemployment,  
10,000 U.S. banks fail

1980

Inflation reaches  
13.5 percent

2008

The housing bubble  
bursts triggering a  
financial crisis

**Note:** Products issued and underwritten by American United Life Insurance Company® (AUL), Indianapolis, IN, a OneAmerica company. Dividends are not guaranteed. Some dividend option changes require you to answer questions about your current health. All guarantees are subject to the claims-paying ability of the issuing company. Provided

content is for overview and informational purposes only and is not intended as tax, legal, fiduciary, or investment advice. All numeric examples were provided for explanatory purposes only. These examples are not intended to represent typical cost or performance.

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### **About OneAmerica®**

A national leader in the insurance and financial services marketplace for 140 years, the companies of OneAmerica help customers build and protect their financial futures.

OneAmerica offers a variety of products and services to serve the financial needs of their policyholders and customers. These products include retirement plan products and recordkeeping services, individual life insurance, annuities, asset-based long-term care solutions and employee benefit plan products.

Products issued and underwritten by the companies of OneAmerica and distributed through a nationwide network of employees, agents, brokers and other sources who are committed to providing value to our customers.

To learn more about our products, services and the companies of OneAmerica, visit [OneAmerica.com/companies](http://OneAmerica.com/companies).