

Participating Whole Life Insurance



Human. Kind.

 **Serenia Life™**
FINANCIAL



Our History

At Serenia Life Financial, our roots go back nearly a century. While we have evolved and improved over the years, one thing has remained the same: our values. And those values are what bring us together as an organization – that’s right, we are not driven by shareholders, but by members like you. What does that mean? For one, participating policyholders share in the success of our product offerings. In fact, we have paid a dividend to these policyholders every year since we started selling Whole Life products in 1972. Let that sink in. Every. Single. Year.

Why does this matter? Well, in 1972, the prudent investment philosophy when it came to the assets that backed participating products was to utilize fixed income investments, which protected all policyholders’ interests while the organization grew. But in order to diversify the investments and increase expected returns, we updated our investment philosophy to a portfolio style in 2017, mixing both fixed income and non-fixed income assets, such as equities and real estate. This has allowed us to align quite competitively with other par accounts in the Canadian marketplace.

Why Serenia Life for Participating Whole Life Insurance?

- ✓ **The best of both worlds** – combine lifetime protection with the potential to grow your savings through cash values that are accumulated in your policy
- ✓ **Lifetime guarantees** – enjoy guaranteed premiums, guaranteed cash values, and a guaranteed death benefit
- ✓ **Policyowner dividends** – leave them with us to earn interest, buy additional life insurance, or opt to receive them in cash ... the choice is yours!
- ✓ **Savings opportunities** – enjoy tax-preferred growth within your policy
- ✓ **Customized optional benefits*** – choose from a selection of benefits that have been optimized to meet the needs of Canadians like you
- ✓ **Unique member benefits** – support your family, your community, or a cause that you care about with our growing collection of member benefits

**Optional benefits can be purchased separately with your policy.*



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One of the unique attributes of a participating policy is the opportunity to earn dividends each year.

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What's a dividend, and why does it matter to me?

The short answer: A payment divided among a number of people. The longer answer – and the one that matters to you – is this: A dividend is a partial return of the premium (the payments you make for your whole life product) to the policyholder (that's you!) when any of the following benchmarks for the pool of Serenia Life Financial's life insurance policies are better than expected in a given year: (1) investment returns, (2) operating expenses, and/or (3) the claims experience.

As a participating whole life insurance policyholder, you have the opportunity to earn dividends every year. The premiums you pay for your policy are pooled with all of the other insurance policies sold and in force at Serenia Life Financial.

The dividend scale interest rate, which is based on **investment return experience**, is only one factor in determining the allocation of dividends to policyholders of our whole life products. Other experience factors include: mortality, expenses (including taxes), and lapses. As a participating whole life policyholder, you share in the experience of all of these factors with Serenia Life Financial. And while all of these are important, **investment returns** typically have the most impact on the dividend scale due to the long-term nature of this life insurance product.

Historical Dividend Scale Interest Rates Since 2017

2017	2018	2019	2020	2021	2022	2023	2024
6.3%	6.3%	6.3%	6.2%	6.0%	6.0%	6.0%	6.2%

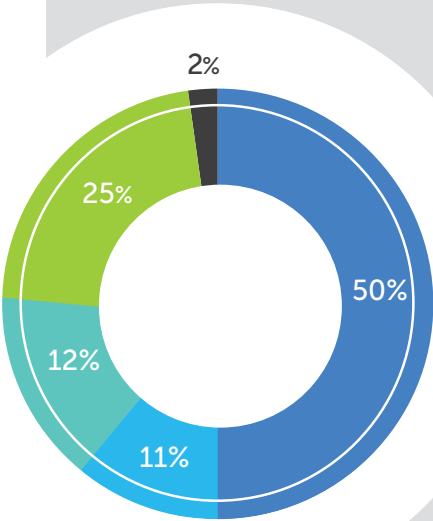
With the enhancements Serenia Life Financial made to its investment philosophy and interest-rate crediting basis in 2017, dividend scale interest rates prior to that date are not comparable to the ones being used today. That is why the figures are only shown for 2017 onward.

The dividend scale interest rates may use a smoothing technique over time, which may assist in reducing the impacts of volatility within various asset classes in the participating account in the future. It is important to remember that with the use of smoothing techniques, dividend scale interest rates rarely reach the market highs nor the market lows, and tend to lag outside indicators. This means that when interest rates are generally decreasing, the dividend scale interest rate will likely decrease at a slower pace. Conversely, when general interest rates begin increasing following a prolonged period of decreasing rates, the dividend scale interest rate may continue to decrease for a short while before it follows the upward trend.

Each year, Serenia Life Financial determines the dividend scale interest rate which is applicable from January 1st of that year to December 31st.

Target Portfolio Asset Mix

- Bonds
- Private Debt
- Equities
- Real Estate
- Cash and Short-Term Investments



A Par Portfolio Managed by Leading Asset Managers

Serenia Life Financial has partnered with some of Canada's leading institutional asset managers. Combined they manage \$253 billion* in assets. This provides us with tailored investment strategies designed to meet the long-term yield objectives of our insurance portfolio.

These asset managers focus on long-term value creation, coupled with preservation of capital, complementing Serenia Life Financial's prudent philosophy of acting in the best interest of our members.

*Serenia Life Financial" is an alternate business name used by FaithLife Financial. All benefits are provided, and all policies are underwritten, by FaithLife Financial.

*As at October 31, 2023.