

What's in a Dividend?



Guardian demonstrated its commitment to policyholders by sustaining financial strength and stability during a time of extreme market volatility.

The Benefits of Being Mutual

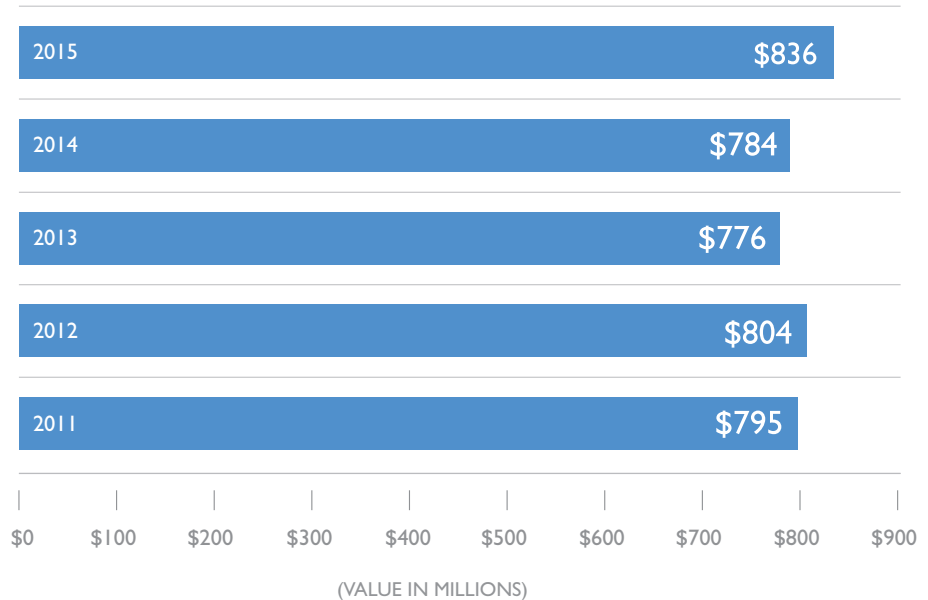
Guardian is a mutual life insurance company, operating for the benefit of participating life policyholders who share in the company's results, in part, through the payment of annual dividends.¹ Unlike stock-based companies, there are no outside shareholders, so the company is managed to maximize the long-term interests of its clients. While dividends are not guaranteed, Guardian has paid dividends to participating individual life policyholders every year since 1868 — through good economic times, and bad.

Guardian's 2016 Dividend

In November 2015, Guardian's Board of Directors approved a dividend payout of \$836 million to its individual life policyholders in 2016. In addition, the Board established a minimum amount of the dividend allocation — no less than \$731 million, that will be distributed in 2016 to participating life policyholders with policy dates of January 1, 1984 and later. The 2016 Dividend Interest Rate is 6.05%.

For further clarification on how the dividend interest rate affects the dividend, please see the following page.

The following chart shows Guardian's dividend history from 2011-2015:



Continued...

What's in Our Dividend?

The three core business disciplines in a life insurance company that impact dividends are:

- **Investment results** – Strong investment results mean that the company is able to prudently manage a well-diversified, high-quality asset portfolio that backs its long-term obligations. Investment income earned in excess of the guaranteed interest rate comprises part of the dividend.
- **Mortality experience** – The company has good mortality experience if the number of death claims paid is less than the mortality assumptions used to provide the guarantees in whole life policies. The difference between actual experience and the guaranteed mortality in the policy is returned to the policyholder as part of the dividend.

- **Expense management** – If the company's expenses are lower than anticipated, those savings also help to support a more favorable dividend that year. Expenses are carefully monitored and controlled.

The following example shows how a dividend is calculated using the three components just discussed, and is based on the 2016 dividend scale for a Guardian policy:²

Life Paid-Up at 99: \$500,000 Face Amount, male, age 45, issued Preferred Plus Non Tobacco

Interest Return	\$3,494
Mortality Return	\$3,291
Expense Return	\$560
Base Policy Dividend in year 20	\$7,345

What the Rating Agencies Say³

Guardian has received excellent ratings from the four major ratings agencies, and our ratings for financial strength and stability have been reaffirmed over the last five years during a time of exceptional economic uncertainty.⁴

A.M. Best – A++ (Superior – highest of 15 ratings)
Fitch Ratings – AA+ (Very Strong – 2nd highest of 21 ratings)
Moody's Investors Service Aa2 (Excellent – 3rd highest of 21 ratings)
Standard & Poor's AA+ (Very Strong – 2nd highest of 22 ratings)
COMDEX⁵ – 98 (Extremely Safe)

¹ Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.

² If a policy is being considered for purchase, the agent must provide a complete policy illustration to the client. Please refer to the complete illustration for guaranteed values and other important information. All whole life insurance policy guarantees are subject to the timely payment of all required premiums and the claims paying ability of the issuing insurance company.

³ Ratings are current as of October 2015. Ratings are subject to change.

⁴ Financial information concerning The Guardian Life Insurance Company of America as of December 31, 2014 on a statutory basis: Admitted Assets = \$45.3 Billion; Liabilities = \$39.6 Billion (including \$34.9 Billion of Reserves); and Surplus = \$5.7 Billion.

⁵ COMDEX is not a rating, but a composite of all ratings that a company has received from the four major rating agencies. COMDEX percentile ranks the companies, on a scale of 1 to 100 (with 100 being the best).

For more information on Guardian, its products and services, contact your Guardian representative or your local Guardian agency.

