

Centennial Series Whole Life Insurance



Agent Guide



Lafayette Life
Insurance Company

A member of Western & Southern Financial Group

For financial professional use only.

Centennial Series Whole Life Insurance



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Whole life insurance offers a unique combination of death benefit protection, cash value accumulation, guarantees and tax advantages that differentiate it from most other types of financial assets. It is designed to address different financial needs during various stages of your clients' lives.

Key Features and Options

Guaranteed, Fixed Level Premiums. Premiums are guaranteed not to increase even as your clients grow older or their health declines. The premium they pay today will be the same premium they pay in later years.

Guaranteed, Lifetime Coverage. When your clients purchase a Whole Life policy, they are helping to ensure insurance protection for their entire life. As long as premiums are paid and policy loans do not exceed the total cash value, their coverage cannot be terminated, even if they become uninsurable later in life.*

Tax-Deferred Cash Value Accumulation. The policy is designed to gradually build cash value each year on a tax-deferred basis. During their lifetime, the cash value can be accessed as a policy loan that may help fund a major purchase, supplement retirement income, or simply in times of emergency or a special need. Accessing the cash value will, however, reduce the death benefit.

Policy Dividends. If declared by Lafayette Life, the policy will earn a dividend that may be used in the following ways:

- ***Paid-Up Additions.*** This option allows your client to increase insurance coverage by purchasing additional "paid-up" insurance.
- ***Out-of-Pocket Premium Reduction.*** This option allows clients to use any dividend to reduce out-of-pocket premium.
- ***Dividend Accumulation.*** This option allows your client to leave any dividend they earn with Lafayette Life to earn interest.
- ***Cash.*** This option allows your client to receive a check in the amount of any declared dividend.

Tailored Policy to Meet Your Clients' Needs. Everyone is different and therefore has different needs. That's why we have created several supplemental riders that can be added to the policy to help meet those needs. Adding a rider to a policy may require additional premium.

* Payment of any death benefit is subject to the exclusions and limitations in the policy, and riders if any, including without limitation: payment of the required premium; suicide exclusion, contestable provision, and existing loans.

Whole Life Products Overview

| Product | Heritage | Contender 100 |
|--|---|--|
| Description | <i>Low, Level Premiums</i> Whole Life payable to age 100 or 20 years, whichever is longer. | <i>Long-term Performance</i> Whole Life payable to age 95 or 20 years, whichever is longer. |
| Premiums Paid to the later of | Age 100 or 20 years | Age 95 or 20 years |
| Issue Ages <i>Last Birthday</i> | 0–85 | 0–85 |
| Minimum Face Amount | \$5,000 all ages, \$25,000 for ages over 65 in WA; Preferred \$100,000 and up | |
| Rate Classes <i>Nonsmoker = NS</i> | <ul style="list-style-type: none"> • Preferred NS • Standard NS • Smoker • Unisex • Substandard | <ul style="list-style-type: none"> • Preferred NS • Standard NS • Smoker • Unisex • Substandard |
| Basis of Values | 2001 CSO, 4.5% | 2001 CSO, 4.5% |
| Available for use in Qualified Plans? | Yes, minimum \$1,000 (\$3,000 state of WA) | |
| Optional Benefits and Riders | <ul style="list-style-type: none"> • Accelerated Benefit Rider • Long-Term Care Rider • Extended Care Benefit • Accelerated Death Benefit Plus • Payor Death Benefit Rider | <ul style="list-style-type: none"> • Accidental Death • Term Insurance Rider • Spouse Insurance Rider • Children's Insurance Rider |
| Term Riders | Annual Renewable Term: 10-, 20- or 30-year Term (check illustration software for availability) | |
| Loans | The maximum loan value is tabular cash value as of the next premium due date plus the cash value of any Paid-Up Additions or Dividend Accumulations less any premium due, any policy loan, and any policy loan interest to the next premium due date. | |
| Withdrawals | Dividend accumulations may be withdrawn or Paid-Up Additional Insurance may be surrendered after the first policy year. | |
| Dividends | Dividends are not guaranteed. Any dividend for the first policy year will be credited upon the payment of the first modal premium of the second policy year. Dividends are not affected by policy loans. | |
| Dividend Options* | <ul style="list-style-type: none"> • Paid in Cash • Reduce Premium*** | <ul style="list-style-type: none"> • Dividend Accumulations • Paid-Up Additions (PUA) |
| Banding | Band 1: \$5,000–\$24,999 Band 2: \$25,000–\$99,999 | Band 3: \$100,000–\$249,999 Band 4: \$250,000–\$499,999 |
| Quantity Discount Factor | \$40 | \$40 |
| Modal Factor | Preauthorized Monthly Withdrawal .085; Quarterly .26; Semiannual .51 *** | |

* See Agents Reference Manual for Dividend Rules ** Rider automatically added *** Not available on Liberty

Product Specifications

| Patriot 100 | Sentinel | Liberty |
|---|--|---|
| Early Cash Value Whole Life payable to age 75 or 30 years, whichever is longer. | Highest Early Cash Value Whole Life payable to age 65 or 20 years, whichever is longer. | Single Premium Single Premium Whole Life insurance. Pay one premium and pay no more. |
| Age 75 or 30 years | Age 65 or 20 years | Single Premium |
| 0–85 | 0–85 | 0–85 |
| \$25,000 all ages; Preferred \$100,000 and up | | |
| <ul style="list-style-type: none"> • Preferred NS • Standard NS • Smoker • Unisex • Substandard | <ul style="list-style-type: none"> • Preferred NS • Standard NS • Smoker • Unisex • Substandard | <ul style="list-style-type: none"> • Preferred NS • Standard NS • Smoker • Unisex • Substandard |
| 2001 CSO, 4.0% | 2001 CSO, 4.0% | 2001 CSO, 4.0% |
| Yes (except WA), minimum \$25,000 | | No |
| <ul style="list-style-type: none"> • Guaranteed Purchase Option (GPO) • Single Premium PUA Rider (SPUA) • Level Premium PUA Rider • Waiver of Premium | | <ul style="list-style-type: none"> • Single Premium PUA Rider (SPUA) • Accelerated Benefit Rider • Long-Term Care Rider** • Accelerated Death Benefit Plus** • Extended Care Benefit |
| | | No |
| The loan interest charged is the greater of 5% or the Monthly Average of the Composite Yield on Seasoned Corporate Bond as published by Moody's Investors Service, Inc. or any successor to that service. Dividends are not affected by policy loans. | | |
| | | |
| | | |
| | | |
| Band 5: \$500,000 and Up | None | None |
| \$40 | \$40 | \$150 |

Not all products are offered in all states. Check the Lafayette Life website (www.llic.com) for state-specific limitations.

Rider Overview

| Product | Description | Issue Ages | Coverage Termination | Limits |
|--|--|--|---|--|
| Accelerated Benefit Rider (ABR 92) | Provides advance payment of policy's death benefit if insured is diagnosed with terminal illness and is expected to die within 12 months. | 0–75 | Same as base policy | Minimum policy size \$25,000; Maximum benefit \$250,000. |
| Long-Term Care Rider with Updated Benefits (LTC-WL20) | Provides a monthly long-term care benefit if the insured suffers from a chronic illness (cannot perform 2 of 6 Activities of Daily Living (ADLs)) and is confined in a long-term care facility, receives services from a home health care agency or at an adult day care. ADLs include dressing, eating, toileting, transferring from bed to chair or vice versa, maintaining continence and bathing. | 18–85 | Same as base policy | LTC Facility or HHC Agency: lesser of \$8,700 or 2% of initial Basic Amount. Adult Day Care: lesser of \$4,350 or 1% of initial Basic Amount. Lifetime Maximum: lesser of \$313,200 or 72% of initial Basic Amount. |
| Extended Care Benefit Rider (ECB-WL-05) | Accelerates benefits if the insured is suffering from a chronic illness and is confined in an extended care facility, or receiving home health care or adult day care, 2 of 6 ADLs. | 18–85 | Same as base policy | Same as above (TX only) |
| Accelerated Death Benefit Plus Rider (ABPR-05) | Provides a monthly or lump sum benefit if the insured is permanently confined to a nursing facility. | 18–85 | Same as base policy | Same as above, but no HHC Agency or ADC benefits. (CA, KS, MN, UT & VT only) |
| Payor Death or Disability Benefit Rider (PIR-05), or Payor Death Benefit Rider (PDR-05) | Waives the policy premium if the premium payor of a juvenile policy dies or becomes disabled. | Payor age: 18–50 Juvenile Insured: 0–14 | Earlier of insured's age 24 or payor's age 65 | Issued through payor's Table D. |
| Accidental Death Benefit (ADB-05) | Pays an additional amount in the event of death resulting from accidental bodily injury. | 0–64 | Age 70 | Maximum issue and participation limit is \$250,000, limits are reduced for ages under 25. Issued through Table C. |

The above provides a brief description of the Riders. Please refer to the Riders for the specific terms and conditions which shall govern. Additional information may be found in the agent's manual on the agent's website. Rider availability may vary by state. State approvals may be checked on the agent's website (www.llic.com).

Optional Rider Specifications

| Product | Description | Issue Ages | Coverage Termination | Limits |
|--|--|---|---|---|
| Term Riders TLR-08-10 TLR-08-20 TLR-08-30* | Provides level term coverage for a guaranteed level premium for 10-, 20- or 30-years with increasing premium thereafter. Convertible. Renewable. | 10 Year: 18–75 | Later of age 65 or 20 years | Min \$25,000/Max 12 times base coverage on Heritage, Contender 100, Patriot 100 & Sentinel |
| | | 20 Year: 18–65 | Later of age 75 or 30 years | Min \$25,000/Max 12 times base coverage on Heritage, Contender 100, Patriot 100 |
| | | 30 Year: 18–55 | Age 95 | Min. \$25,000/Max. 12 times base coverage on Heritage, Contender 100 |
| Term Insurance Rider (TR-05) | Provides for 1 year of guaranteed annual renewable term insurance on the insured. Convertible. | 15–64 | Conversion or the end of the premium-paying period of the base policy | Minimum \$25,000; Maximum 12 times base coverage. |
| Spouse Insurance Rider (SIR-05) | Provides term insurance on the insured's spouse. Convertible. | Spouse age 15–64 | Earlier of spouse age 75 or end of the premium paying period of the base policy | Minimum \$5,000; Maximum 12 times base coverage up to \$250,000. |
| Children's Insurance Rider (CIR-05) | Provides term insurance on the children of the insured until either the child's age 24 or the insured's age 65. Convertible. | Children's age –17 Insured's age 18–55 | Child's age 24 or the insured's age 65 | Minimum \$5,000; Maximum: lower of \$25,000 or face amount of the base policy. |
| Guaranteed Purchase Option (GPO-05) | Provides the option of purchasing additional policies of insurance in the same risk class as the original policy without evidence of insurability. | 0–42 | Age 43 | 2 times base face amount up to \$50,000. |
| Single Premium Paid-Up Additions Rider (SPUA-05) | Allows for the payment of a single sum of money to purchase Paid-Up Additions. | 0–85 | Same as base policy | Minimum \$120; Maximum \$150,000 without Home Office approval. |
| Level Premium Paid-Up Additions Rider (LPUA-05) | Allows for the payment of up to a fixed periodic amount of additional premium, which is used to purchase Paid-Up Additions. | 0–85 | Same as base policy | Maximum \$150,000 without Home Office approval. |
| Waiver of Premium Benefit Rider (WP-05) | Prior to age 60: If Insured becomes totally disabled while the policy is in force we will waive the payment of premiums for the policy while the insured remains disabled. | 0–60 | Age 65 | Disability is the inability to perform the duties of one's own occupation. Definition applies to all years. |

* Not available on all products.

Not all products are offered in all states. Check the Lafayette Life website (www.llic.com) for state-specific limitations.

Heritage (WL-05-100) Product Specifications

Product Positioning

Heritage offers low guaranteed premiums for those looking for a high, permanent death benefit and guaranteed cash value growth.

Product Type: Whole Life Insurance

Minimum Amount Issued

| Nonsmoker/Smoker | Qualified | Non-Qualified |
|-----------------------|-----------|---------------|
| All states except WA: | \$1,000 | \$5,000 |
| In Washington | | |
| Issue Ages < 65: | \$3,000 | \$25,000 |
| Issue Ages > 65: | \$25,000 | \$25,000 |
| Preferred | | |
| All Issue Ages: | \$100,000 | \$100,000 |

Issue Ages: 0–85

Rate Classes

Preferred Nonsmoker
Nonsmoker
Smoker

Policy Maturity: Age 121

Premiums

Payable to age 100 or 20 years, whichever is longer

Dividends

Any dividend for the first policy year will be credited upon payment of the first modal premium of the second policy year. Any subsequent dividend will be credited on the policy anniversary.

Dividends are not guaranteed and may be changed by the company at any time.

Dividend Options

- Purchase Paid-Up Additions (PUA)
- Accumulate at Interest
- Premium Payment
- Paid in Cash

Policy Loans

Available when policy has accumulated Net Cash Value. Any dividends will not be reduced by loaned amounts. Loans and interest will reduce death benefit if not repaid.

| Optional Riders ¹ | Separate Application Needed at Issue | Additional Premium Required |
|---|--------------------------------------|-----------------------------|
| • Accelerated Benefit Rider (ABR-92) | No ² | No |
| • Accelerated Death Benefit Plus Rider (ABPR-05)* | Yes | Yes |
| • Accidental Death Benefit Rider (ADB-05) | No | Yes |
| • Children's Insurance Rider (CIR-05) | No | Yes |
| • Extended Care Benefit Rider (ECB-WL-05)** | Yes | Yes |
| • Guaranteed Purchase Option Rider (GPO-05) | No | Yes |
| • Level Premium Paid-Up Additions Rider (LPUA-05) | No | Yes |
| • Long-Term Care Rider with Updated Benefits (LTC-WL20) | Yes | Yes |
| • Payor Death or Disability Benefit Rider (PIR-05) or • Payor Death Benefit Rider (PDR-05) | No | Yes |
| • Single Premium Paid-Up Additions Rider (SPUA-05) | No | Yes |
| • Spouse Insurance Rider (SIR-05) | No | Yes |
| • Term Insurance Rider (TR-05) | No | Yes |
| • Term Riders (TLR-08-10, TLR-08-20, TLR-08-30) | No | Yes |
| • Waiver of Premium Benefit Rider (WP-05) | No | Yes |

¹ All of the above riders can be added after issue, subject to additional application and underwriting.

² Automatically added for face amounts of at least \$25,000 unless requested otherwise.

* Available in KS, MN, UT and VT only. ** Available in TX only.

Market Description

The Heritage policy is appropriate when a permanent policy is desired and cash value accumulation is less important than death benefit protection. This includes estate planning situations where insurance will be placed in an irrevocable life insurance trust, buy-sell agreements, or basic family coverage needs. For example, many people have a need for a low-premium, permanent insurance product that will serve as a smart alternative to term insurance and provide protection for their family's lifestyle.

Using the Heritage policy as the financial tool for this protection has the following advantages:

- *Guaranteed premium — the premium will not increase*
- *Guaranteed cash value — annual growth in cash value*
- *Potential for additional cash value provided by the current dividend**
- *Cash values that may be accessed through policy loans or withdrawals*
- *Death benefit will not lapse as long as the premium is paid and policy loans do not exceed cash value*
- *Death benefit is generally income tax free to beneficiaries*

Example

A woman, age 40 and preferred, needs a \$250,000 life insurance policy to pay off her mortgage in case of her early death. At age 65 she could exchange the policy for an annuity or she could suspend out-of-pocket premium payments and let the non-guaranteed dividends pay her premiums.

| HERITAGE • \$250,000 POLICY | AGE 65 |
|-------------------------------|-----------|
| Guaranteed Death Benefit | \$273,969 |
| Non-Guaranteed Death Benefit | \$302,324 |
| Guaranteed Net Cash Value | \$87,835 |
| Non-Guaranteed Net Cash Value | \$100,577 |

All non-guaranteed policy projections in this example are based upon current assumptions which are not guaranteed. Actual results may be more or less favorable. Values as of 9/21/2012.



*Dividends are not guaranteed and may be higher or lower than current projections. The end of the first year dividend is paid upon the payment of the first modal second year premium.

Contender 100

Contender 100 (WL-05-95) Product Specifications

Product Positioning

Contender 100 is designed to balance death benefit protection with cash value accumulation.

Product Type: Whole Life Insurance

Minimum Amount Issued

| Nonsmoker/Smoker | Qualified | Non-Qualified |
|-----------------------|-----------|---------------|
| All states except WA: | \$1,000 | \$5,000 |
| In Washington | | |
| Issue Ages < 65: | \$3,000 | \$25,000 |
| Issue Ages > 65: | \$25,000 | \$25,000 |
| Preferred | | |
| All Issue Ages: | \$100,000 | \$100,000 |

Issue Ages: 0–85

Rate Classes

Preferred Nonsmoker
Nonsmoker
Smoker

Policy Maturity: Age 121

Premiums

Payable to age 95 or 20 years, whichever is longer

Dividends

Any dividend for the first policy year will be credited upon payment of the first modal premium of the second policy year. Any subsequent dividend will be credited on the policy anniversary.

Dividends are not guaranteed and may be changed by the company at any time.

Dividend Options

- Purchase Paid-Up Additions (PUA)
- Accumulate at Interest
- Premium Payment
- Paid in Cash

Policy Loans

Available when policy has accumulated Net Cash Value. Any dividends will not be reduced by loaned amounts. Loans and interest will reduce death benefit if not repaid.

| Optional Riders ¹ | Separate Application Needed at Issue | Additional Premium Required |
|---|--------------------------------------|-----------------------------|
| • Accelerated Benefit Rider (ABR-92) | No ² | No |
| • Accelerated Death Benefit Plus Rider (ABPR-05)* | Yes | Yes |
| • Accidental Death Benefit Rider (ADB-05) | No | Yes |
| • Children's Insurance Rider (CIR-05) | No | Yes |
| • Extended Care Benefit Rider (ECB-WL-05)** | Yes | Yes |
| • Guaranteed Purchase Option Rider (GPO-05) | No | Yes |
| • Level Premium Paid-Up Additions Rider (LPUA-05) | No | Yes |
| • Long-Term Care Rider with Updated Benefits (LTC-WL20) | Yes | Yes |
| • Payor Death or Disability Benefit Rider (PIR-05) or • Payor Death Benefit Rider (PDR-05) | No | Yes |
| • Single Premium Paid-Up Additions Rider (SPUA-05) | No | Yes |
| • Spouse Insurance Rider (SIR-05) | No | Yes |
| • Term Insurance Rider (TR-05) | No | Yes |
| • Term Riders (TLR-08-10, TLR-08-20, TLR-08-30) | No | Yes |
| • Waiver of Premium Benefit Rider (WP-05) | No | Yes |

¹ All of the above riders can be added after issue, subject to additional application and underwriting.

² Automatically added for face amounts of at least \$25,000 unless requested otherwise.

* Available in KS, MN, UT and VT only. ** Available in TX only.

Market Description

There is almost always the need for insurance protection and cash value accumulation. However, the temptation is to buy term protection thinking the client will save the most money possible. In reality, the term protection gets more expensive, eventually lapses, and the money they were trying to save goes everywhere but savings. This is why combining protection with long-term cash value can be the real value for many families. The necessity to pay the premium to maintain the coverage provides the discipline to accumulate cash values over the long term.

The Contender 100 also provides:

- *Guaranteed death benefit;*
- *Guaranteed cash value;*
- *Ability to increase cash value accumulations and death benefits through the use of riders;*
- *Dividend options which may enhance cash values and/or death benefits or reduce out-of-pocket premium; and*
- *Access to policy values through low-cost policy loans or withdrawals.*

Example

A 30-year-old male, preferred, purchases a \$250,000 Contender 100 policy. In 19 years, about the time his first child is going to college, he has over \$62,000 in cash value that could be accessed to help defray the expense. If he continues the policy until he retires at age 65, he may have over \$240,000. This is enough to provide a fully paid up policy of \$490,000 for retirement income.

| CONTENDER 100 • \$250,000 POLICY | |
|--|-----------|
| Guaranteed Cash Value at Age 49 | \$62,624 |
| Non-Guaranteed Cash Value at Age 49 | \$86,036 |
| Guaranteed Cash Value at Age 65 | \$151,501 |
| Non-Guaranteed Cash Value at Age 65 | \$246,020 |
| Guaranteed Death Benefit at Age 65 | \$337,683 |
| Non-Guaranteed Death Benefit at Age 65 | \$523,098 |

All non-guaranteed policy projections in this example are based upon current assumptions which are not guaranteed. Actual results may be more or less favorable. Values as of 7/29/2012.

Patriot 100 (WL-05-75) Product Specifications

Product Positioning

Patriot 100 is designed as a limited premium payment policy with early cash value growth and accumulation.

Product Type: Whole Life Insurance

Minimum Amount Issued

Qualified* and Non-Qualified

Nonsmoker/Smoker: \$25,000

Preferred: \$100,000

*Qualified not available in WA

Issue Ages: 0–85

Rate Classes

Preferred Nonsmoker

Nonsmoker

Smoker

Policy Maturity: Age 121

Premiums

Payable to age 75 or 30 years, whichever is longer

Dividends

Any dividend for the first policy year will be credited upon payment of the first modal premium of the second policy year. Any subsequent dividend will be credited on the policy anniversary.

Dividends are not guaranteed and may be changed by the company at any time.

Dividend Options

- Purchase Paid-Up Additions (PUA)
- Accumulate at Interest
- Premium Payment
- Paid in Cash

Policy Loans

Available when policy has accumulated Net Cash Value. Any dividends will not be reduced by loaned amounts. Loans and interest will reduce death benefit if not repaid.

| Optional Riders ¹ | Separate Application Needed at Issue | Additional Premium Required |
|---|--------------------------------------|-----------------------------|
| • Accelerated Benefit Rider (ABR-92) | No ² | No |
| • Accelerated Death Benefit Plus Rider (ABPR-05)* | Yes | Yes |
| • Accidental Death Benefit Rider (ADB-05) | No | Yes |
| • Children's Insurance Rider (CIR-05) | No | Yes |
| • Extended Care Benefit Rider (ECB-WL-05)** | Yes | Yes |
| • Guaranteed Purchase Option Rider (GPO-05) | No | Yes |
| • Level Premium Paid-Up Additions Rider (LPUA-05) | No | Yes |
| • Long-Term Care Rider with Updated Benefits (LTC-WL20) | Yes | Yes |
| • Payor Death or Disability Benefit Rider (PIR-05) or • Payor Death Benefit Rider (PDR-05) | No | Yes |
| • Single Premium Paid-Up Additions Rider (SPUA-05) | No | Yes |
| • Spouse Insurance Rider (SIR-05) | No | Yes |
| • Term Insurance Rider (TR-05) | No | Yes |
| • Term Riders (TLR-08-10, TLR-08-20, TLR-08-30) | No | Yes |
| • Waiver of Premium Benefit Rider (WP-05) | No | Yes |

1 All of the above riders can be added after issue, subject to additional application and underwriting.

2 Automatically added for face amounts of at least \$25,000 unless requested otherwise.

* Available in KS, MN, UT and VT only. ** Available in TX only.

Market Description

In addition to providing a death benefit, a permanent life insurance policy can be a valuable tool for accumulating cash value and putting it to use. The Patriot 100, particularly when used in conjunction with the Level Premium Paid-Up Additions Rider, offers early cash value accumulation and the ability to access the cash value through loans or partial surrenders.

The Level Premium Paid-Up Additions Rider has the additional flexibility of allowing rider premiums to be increased³ or reduced in order to maximize cash value accumulation.

Patriot 100 also provides:

- *Guaranteed death benefit;*
- *Guaranteed cash value;*
- *Ability to increase cash value accumulations through the use of riders;*
- *Dividend options which may enhance cash values and/or death benefits or reduce out-of-pocket premium; and*
- *Access to policy values through low-cost policy loans or withdrawals.*

³ Subject to a maximum level applied for at issue.

Example

A 35-year-old male, preferred, nonsmoker, can afford to spend \$10,000 a year on a Patriot 100 policy with a face amount just above the modified endowment level.

He anticipates that after 10 years he will withdraw net \$20,000 to be used for a capital purchase or reinvested elsewhere. After the 15th year he will withdraw net \$20,000 for four years. Thus, at 65, he will have taken out \$100,000 and may still have the following options and benefits:

| PATRIOT 100 • AGE 65 | |
|------------------------------|-----------|
| Guaranteed* Cash Value | \$373,286 |
| Non-Guaranteed Cash Value | \$276,878 |
| Guaranteed* Death Benefit | \$724,903 |
| Non-Guaranteed Death Benefit | \$531,576 |

*Guaranteed amounts do not reflect distributions.

All non-guaranteed policy projections in this example are based upon current assumptions which are not guaranteed. Actual results may be more or less favorable. Values as of 9/21/2012.



Sentinel (WL-05-65) Product Specifications

Product Positioning

Sentinel is designed as a limited premium payment policy with early cash value accumulation.

Product Type: Whole Life Insurance

Minimum Amount Issued

Qualified* and Non-Qualified

Nonsmoker/Smoker: \$25,000

Preferred: \$100,000

*Qualified not available in WA

Issue Ages: 0–85

Rate Classes

Preferred Nonsmoker¹

Nonsmoker

Smoker

Policy Maturity: Age 121

Premiums

Payable to age 65 or 20 years, whichever is longer

Dividends

Any dividend for the first policy year will be credited upon payment of the first modal premium of the second policy year. Any subsequent dividend will be credited on the policy anniversary.

Dividends are not guaranteed and may be changed by the company at any time.

Dividend Options

- Purchase Paid-Up Additions (PUA)
- Accumulate at Interest
- Premium Payment
- Paid in Cash

Policy Loans

Available when policy has accumulated Net Cash Value. Any dividends will not be reduced by loaned amounts. Loans and interest will reduce death benefit if not repaid.

| Optional Riders ² | Separate Application Needed at Issue | Additional Premium Required |
|---|--------------------------------------|-----------------------------|
| • Accelerated Benefit Rider (ABR-92) | No ³ | No |
| • Accelerated Death Benefit Plus Rider (ABPR-05)* | Yes | Yes |
| • Accidental Death Benefit Rider (ADB-05) | No | Yes |
| • Children's Insurance Rider (CIR-05) | No | Yes |
| • Extended Care Benefit Rider (ECB-WL-05)** | Yes | Yes |
| • Guaranteed Purchase Option Rider (GPO-05) | No | Yes |
| • Level Premium Paid-Up Additions Rider (LPUA-05) | No | Yes |
| • Long-Term Care Rider with Updated Benefits (LTC-WL20) | Yes | Yes |
| • Payor Death or Disability Benefit Rider (PIR-05) or • Payor Death Benefit Rider (PDR-05) | No | Yes |
| • Single Premium Paid-Up Additions Rider (SPUA-05) | No | Yes |
| • Spouse Insurance Rider (SIR-05) | No | Yes |
| • Term Insurance Rider (TR-05) | No | Yes |
| • Term Riders (TLR-08-10, TLR-08-20, TLR-08-30) | No | Yes |
| • Waiver of Premium Benefit Rider (WP-05) | No | Yes |

1 Preferred Nonsmoker and Standard Nonsmoker will have the same premiums but different dividends.

2 All of the above riders can be added after issue, subject to additional application and underwriting.

3 Automatically added for face amounts of at least \$25,000 unless requested otherwise.

* Available in KS, MN, UT and VT only. ** Available in TX only.

Market Description

The Sentinel is primarily designed to help provide valuable asset protection to businesses where permanent life insurance is appropriate. This includes: Deferred Compensation, Split-Dollar, Key Employee Coverage, Buy-Sell Agreements, and Section 162 Executive Benefit Plans.

The lack of cash values in the early years of many insurance policies might concern policy owners. Sentinel responds with non-guaranteed cash values that are almost 74% of the premium paid by the end of the first year; guaranteed cash values that are almost 40% of the first year premium; and a projected dividend* that is roughly 35% of the first year premium. Based on a \$100,000 male preferred nonsmoker policy, the percentages are as follows in the chart below.

Example

A corporation wishes to reward and retain a 45-year-old executive by purchasing a life insurance policy for him. A corporation will pay the premium and take a tax deduction for the premium paid as a bonus to the executive. The executive will pay tax on the premium but have a sizable life insurance policy of which he is the owner. The only downside is that the executive is in a 33% marginal tax bracket. The corporation does not want to pay a double bonus and the executive does not want to pay the additional tax.

Sentinel helps to solve this problem. The policy's dividend* is sufficient to cover the executive's tax liability so that the corporation has no additional outlay and the executive is capable of taking full advantage of a valuable benefit.

| SENTINEL • \$100,000 • MALE, PREFERRED NONSMOKER | | | | | | | |
|--|----------------|----------------------------------|------------------------------|----------------------|---------------------------------------|--------------------------------------|--|
| Age at Issue | Annual Premium | First Year Guaranteed Cash Value | Cash Value as a % of Premium | First Year Dividend* | First Year Dividend as a % of Premium | First Year Non-Guaranteed Cash Value | Projected Cash Value as a % of Premium |
| 25 | \$2,209 | \$868 | 39% | \$759 | 34% | \$1,627 | 74% |
| 35 | \$3,166 | \$1,250 | 39% | \$1,094 | 35% | \$2,344 | 74% |
| 45 | \$4,552 | \$1,805 | 40% | \$1,579 | 35% | \$3,384 | 74% |
| 55 | \$6,454 | \$2,566 | 40% | \$2,245 | 35% | \$4,811 | 75% |
| 65 | \$9,032 | \$3,597 | 40% | \$3,147 | 35% | \$6,744 | 75% |

These early cash values may be used in a variety of ways by the policy owner.

All non-guaranteed policy projections in this example are based on current assumptions, which are not guaranteed. Actual results may be more or less favorable. Values as of 5/30/2012.

* Dividends are not guaranteed and may be higher or lower than the current projections. The end of the first year dividend is paid upon the payment of the first modal second year premium.

Liberty (SPWL-05) Product Specifications

Product Positioning

Liberty is a single premium whole life insurance product designed for those who prefer to pay for coverage in one lump-sum premium.

Product Type: Whole Life Insurance

Minimum Amount Issued

Non-Qualified

Nonsmoker/Smoker: \$25,000

Preferred: \$100,000

Issue Ages: 0– 85

Rate Classes

Preferred Nonsmoker

Nonsmoker

Smoker

Policy Maturity: Age 121

Premiums

Single Premium

Dividends

Any dividends will be credited on the policy anniversary.

Dividends are not guaranteed and may be changed by the company at any time.

Dividend Options

- Purchase Paid-Up Additions (PUA)
- Accumulate at Interest
- Paid in Cash

Policy Loans

Available when policy has accumulated Net Cash Value. Any dividends will not be reduced by loaned amounts. Loans and interest will reduce death benefit if not repaid.

| Optional Riders ¹ | Separate Application Needed at Issue | Additional Premium Required |
|---|--------------------------------------|-----------------------------|
| • Accelerated Benefit Rider (ABR 92) | No ² | No |
| • Accelerated Death Benefit Plus Rider (ABPR-05)* | Yes | No |
| • Extended Care Benefit Rider (ECB-WL-05)** | Yes | No |
| • Long-Term Care Rider with Updated Benefits (LTC-WL20) | Yes | No |
| • Single Premium Paid-Up Additions Rider (SPUA-05) | No | Yes |

Market Description

The idea of paying life insurance premiums for a lifetime can be a daunting thought to some people, because they may be nearing retirement and facing the prospect of living on a reduced income. They may have been paying premiums into a policy that will need more money to stay in force, or they may find themselves in a situation where they do not need as much coverage as they once had and would like to stop making premium payments.

Many people have accumulated liquid assets that they intend to pass along to their children, grandchildren, or even a special charity. At the same time, they are hesitant to “lock up” or “tie up” their money in case it is needed for some unforeseen emergency.

¹ All of the above riders can be added after issue, subject to additional application and underwriting.

² Automatically added for face amounts of at least \$25,000 unless requested otherwise.

*Available in KS, MN, UT and VT only. ** Available in TX only.

Market Description *(continued)*

Using the Liberty Single Premium Whole Life Insurance policy as a vehicle for transferring their wealth has the following advantages:

- *An immediate increase in the amount passed to their chosen beneficiaries;*
- *The continued growth of the cash value accumulation, which is generally income tax free;*
- *Transfer of the death benefit to the beneficiary, if they are the named beneficiary, without probate charges;*
- *Transfer of the death benefit to the beneficiary without income taxes;*
- *Availability of the cash value accumulation with any income tax charged only when the funds are taken from the policy.*
- *Long-Term Care Rider or Accelerated Benefit Rider is included in states where approved.*

Example

A woman, age 70, standard nonsmoker, has \$100,000 in non-qualified assets purchased with funds that were taxed when received. She plans to leave this money to her two grandchildren at her death and wants to be sure they inherit these assets with minimal taxation. Purchasing a Liberty policy with the Paid-Up Additions dividend option and income tax-free death benefit may be the solution.

| LIBERTY with Paid-Up Additions Dividend Option | | | | |
|--|-----------------------------|----------------|--------------------------------|----------------|
| Year | Projected Policy Cash Value | | Projected Policy Death Benefit | |
| | Guaranteed | Non-Guaranteed | Guaranteed | Non-Guaranteed |
| 1 | \$88,848 | \$90,542 | \$155,910 | \$158,881 |
| 2 | \$91,090 | \$94,615 | \$155,910 | \$161,943 |
| 3 | \$93,343 | \$98,845 | \$155,910 | \$165,100 |
| 4 | \$95,607 | \$103,239 | \$155,910 | \$168,355 |
| 5 | \$97,876 | \$107,796 | \$155,910 | \$171,713 |
| 10 | \$109,218 | \$133,202 | \$155,910 | \$190,148 |
| 15 | \$119,792 | \$162,969 | \$155,910 | \$212,105 |
| 20 | \$128,697 | \$196,923 | \$155,910 | \$238,561 |

All non-guaranteed policy projections in this example are based on current assumptions, which are not guaranteed. Actual results may be more or less favorable. Values as of 9/20/2012.

Dividends are not guaranteed and may be changed by the company at any time. Any dividends may be higher or lower than the current projections.

This policy will be issued as a Modified Endowment Contract (MEC). Any withdrawals or surrenders may result in a taxable event. In order to be issued as a non-MEC, the entire single premium must be in the form of a 1035 Exchange and the original policy must not be a MEC.

The Lafayette Life Insurance Company and its agents do not offer tax advice. For specific tax information, please instruct your client to consult their attorney or accountant.



Featured Rider

Long-Term Care Rider (LTC-WL20)

Lafayette Life has designed its long-term care (LTC) coverage as a rider that can be added to all new, and some existing, Lafayette Life permanent life insurance policies. This provides flexibility and moderate cost that appeals to many individuals.

The rider benefits are paid by reducing the life insurance policy death benefit, so funds used for LTC benefits will not be available for cash value distributions, accelerated death benefits and normal death benefit payments. A short digest of some of the rider's features and benefits is listed below.

- **Long-Term Care Facility or a Home Health Care Agency Benefit**

This monthly benefit is the lesser of {\$8,700} or 2% of the life insurance policy's base death benefit at the time of issue; minus the reduction in the policy's loan balance resulting from the above benefit payment.

- **Adult Day Care Benefit**

If the insured receives services at an adult day care, the monthly benefit is the lesser of {\$4,350} or 1% of the life insurance policy's base death benefit at the time the initial confinement or service begins; minus the reduction in the policy's loan balance resulting from the above benefit payment.

- **Coverage**

Within the above parameters, the rider covers those who have a chronic illness and cannot perform 2 out of 6 Activities of Daily Living (ADLs). It also includes coverage in a long-term care facility due to irreversible dementia or Alzheimer's disease.

This is only a general summary of some of the LTC rider benefits. For specific information, including costs, definitions, exclusions, limitations, additional benefits and the effect of this rider on other life insurance policy rights and benefits, please refer to the outline of coverage and the actual rider form itself.

Rider approval, availability and features may vary by state. To add rider to a policy additional premium will be required, except when added to the Liberty (SPWL-05) policy.

Rider benefits will not be paid during initial 90 day Waiting Period, but will be retroactively paid upon completion of the period. Rider benefits may be denied based on a Pre-Existing Condition, a condition for which medical advice or treatment was recommended by or received from a Physician within the six (6) months preceding the effective date of rider.

This rider will terminate on the earliest of the following dates: the date on which the Basic Amount has been reduced due to the payment of Long Term Care Benefits by the lesser of \$313,200 or 72% of the Basic Amount as of the date the initial confinement or services began; the date of death of the Insured, except with respect to claims incurred prior to death; the date a non-forfeiture option under the policy becomes effective; the date a written termination request is received; or the date payment is made to the policy owner under any Accelerated Benefit Rider attached to this policy.

This Rider is intended to be a federally tax-qualified long-term care insurance contract under section 7702 B (b) of the Internal Revenue Code. However, we make no representations as to the actual tax status of this Rider, any benefits which may be received, or premiums paid. Neither Lafayette Life nor its representatives give legal, tax, or investment advice or interpretations of tax law. Your clients should contact their personal legal, tax, or investment advisor for such advice.



Life insurance products are not bank products, are not a deposit, are not insured by the FDIC, or any other federal entity, have no bank guarantee, and may lose value. Life insurance products are issued and guaranteed by The Lafayette Life Insurance Company, Cincinnati, Ohio. Guarantees are based on the claims-paying ability of the company.

The Lafayette Life Insurance Company operates in D.C. and all states except AK and NY, and is a member of Western & Southern Financial Group.

Product approval, availability and features may vary by state. Heritage Whole Life is for use with policy series WL-05-100; Contender 100 Whole Life policy series WL-05-95; Patriot 100 Whole Life policy series WL-05-75; Sentinel Whole Life policy series WL-05-65; and Liberty Whole Life policy series SPWL-05. Rider series LTC-WL20, WP-05, SPUA-05, LPUA-05, ADB-05, GPO-05, ABR-92, TR-05, TLR-08-10, SIR-05, CIR-05, PIR-05 and PDR-05.

The Lafayette Life Insurance Company and its agents do not offer legal or tax advice. The information contained herein is general in nature and for informational purposes only. Always consult an attorney or tax advisor regarding your specific legal or tax situation.

The Lafayette Life Insurance Company

With more than one hundred years of service to policyholders, The Lafayette Life Insurance Company has proven itself a leader in providing individual life insurance, annuities, and retirement and pension products and services.

Lafayette Life is a member of Western & Southern Financial Group, a family of financial services companies whose heritage dates back to 1888 with assets owned and managed in excess of \$55 billion as of September 30, 2012. With the strength of our organization and our ongoing commitment to servicing you, your business and your family, The Lafayette Life Insurance Company is a company you can depend on. Find out more about our financial strength and distinguished history at www.LafayetteLife.com.



**Lafayette Life
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