Dividends

MetLife

understanding a valuable

whole life benefit
Understanding a Valuable Whole Life Benefit

MetLife pays dividends to its participating whole life policyholders as a way to share in its financial results. Various publicly-traded and mutual insurance companies do the same thing, but it’s still difficult for many people to understand exactly what dividends are and how they work.

Dividends Offer Advantages

While not guaranteed, dividends are an important element in participating whole life policies because they can enhance the overall value of the policy. Dividend payments can be used to:

1. Purchase additional paid-up whole life insurance
2. Accumulate with interest in the policy
3. Reduce or eliminate out-of-pocket premium payments
4. Pay cash to the policyholder
5. Repay a policy loan or pay loan interest

Dividends – The Whole Truth

Before we look more closely at MetLife’s dividend policy and history, let’s examine some dividend myths and uncover the facts about companies that offer whole life products.

<table>
<thead>
<tr>
<th>MYTH</th>
<th>FACT</th>
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<tbody>
<tr>
<td>Stock insurance companies can only offer non-participating policies.</td>
<td>Whole life insurance policies can be designed and priced to be:</td>
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<td>• Participating (has the ability to pay out dividends) or non-participating (does not pay out dividends)</td>
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<td>• Distributed by either a stock or mutual insurance company</td>
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<td>Mutual companies do not have shareholders and are therefore able to pay more policy dividends than stock companies on participating policies.</td>
<td>Being without shareholders does not necessarily mean a mutual company can or will pay more policy dividends. Stock and mutual companies have the same competitive concerns when deciding to pay policy dividends. Both types of companies operating in New York and other jurisdictions must comply with stringent regulations regarding reserves and the accumulation of surplus, but the rules are slightly different for each. In addition, there are limitations as to the amount of surplus generated by participating policyholders that can be shared with stockholders.</td>
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<td>A company with a higher dividend scale interest rate must pay higher dividends and have higher values within the policy.</td>
<td>While interest rates are a significant factor in the calculation of policy dividends, dividends are also based on other factors such as mortality rates and expenses. A higher dividend scale interest rate does not necessarily correlate to higher dividends. When comparing policies, it is important to focus on all aspects of the product design, including:</td>
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<td>• Premium level</td>
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<td></td>
<td>• Cash value accumulation</td>
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<td>• Dividends credited over time</td>
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<td>Policy dividends are the same as “stock” dividends.</td>
<td>They are not the same. Policy dividends are based on the performance (i.e. mortality, persistency, expenses and interest earnings) of each class of eligible policies and are payable only to participating policyholders in those eligible classes. Stock dividends are based on a company’s overall performance and are payable to all shareholders. MetLife’s parent company, MetLife, Inc., pays stock dividends. A policyholder can also be a shareholder.</td>
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1 "MetLife" consists of Metropolitan Life Insurance Company, MetLife Insurance Company USA, New England Life Insurance Company, and General American Life Insurance Company, all of which are wholly owned subsidiaries of MetLife, Inc.
2 Dividends are not guaranteed.
3 Life insurance policy dividends are based on the performance of participating policies, including investment returns, mortality, persistency and expenses, among other factors and are therefore not guaranteed.
4 If future dividend scales are decreased, it may be necessary to increase or resume out-of-pocket premium payments.
Our company decided to continue issuing dividend-paying policies when it became a stock company by designing, pricing and filing participating whole life policies.

The MetLife Promise Whole Life Portfolio™, which includes participating policies that are eligible to pay dividends, is a great example of this. This portfolio offers some of the industry’s most competitive features designed to benefit both you and your family, including:

- **Strong Guarantees** — Guaranteed premium, death benefits and increasing cash value (every year that premiums are paid).
- **Flexibility** — In addition to providing funds to protect families in the event of a premature death, whole life policies can be tailored to fit many individuals’ needs with the use of dividends\(^5\) and the availability of optional riders.\(^6\) Whole life may be appropriate for a person interested in building wealth, leaving a guaranteed inheritance for the next generation or both.
- **Annual Dividends** — Even in uncertain economic times, participating whole life insurance policies may pay an annual dividend to policyholders. Although dividends are not guaranteed, MetLife has an excellent track record of paying dividends to whole life insurance policyholders for almost 100 years.

**Determining the Dividend Scale**

Policy dividends are based on factors such as MetLife’s investment returns, mortality, expenses, taxes, policy persistency and claims experience. The final approval of the dividend scale is made by MetLife’s boards of directors. Our dividend scale is set annually based on this formula:

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\text{AMOUNT AVAILABLE FOR DIVIDENDS} = \text{PREMIUM INCOME} + \text{INVESTMENT RETURN} - \text{MORTALITY CHARGES} - \text{EXPENSES} - \text{CHANGES IN RESERVES}\]

* For future claims and expenses
5 Dividends are not guaranteed.
6 There may be an additional charge for optional riders.
For more information about the MetLife Promise Whole Life Portfolio, please contact your financial professional or go to metlife.com.

Descriptions of the policy features and options are only partial; for complete details and limitations ask to see a specimen policy.

Like most insurance policies, MetLife's policies contain charges, limitations, exclusions, termination provisions and terms for keeping them in force. Contact your financial professional for costs and complete details.

MetLife Promise Whole Life, MetLife Promise Whole Life 120, MetLife Promise Whole Life Select 10, MetLife Promise Whole Life Select 20, and MetLife Promise Whole Life Select 65 are issued by MetLife Insurance Company USA generally on Policy Form 5E-12-10 in all jurisdictions except New York, where they are issued by Metropolitan Life Insurance Company on Policy Form 1-15-13-NY. All guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company.