



# Horace Mann Pathfinder Indexed Universal Life<sup>®</sup> insurance policy offers premium allocation options

**Horace Mann Life Insurance Company** (Horace Mann) offers Pathfinder Indexed Universal Life<sup>®</sup> (Pathfinder IUL), a flexible premium life insurance policy. One of the choices you need to make is how you want your premiums allocated.

All premiums, minus a Percentage of Premium Expense Charge, are initially deposited in the Short Term Holding Account. On the next premium allocation date based upon your instructions, the balance of this account will then be allocated to the account(s) you have chosen from the options below. You can change these allocations in the future if you wish.

## Premium allocation options

- Long Term Fixed Account
- S&P 500 Annual Point-to-Point Indexed Account
- Dow Jones Industrial Average (DJIA) Annual Monthly Average Indexed Account

	Long Term Fixed Account	S&P 500 Indexed Account	DJIA Indexed Account
Cap rate*	N/A	9.50%	Uncapped
Participation rate*	N/A	100%	85%
Floor rate	N/A	0%	0%
Interest rate*	3.50%	Varies (could be 0%)	Varies (could be 0%)
Crediting strategy	Declared current rate	Annual point-to-point with a cap rate and participation rate	Annual monthly average with a cap rate and participation rate

\* These rates are current. Current interest rates, cap rates and participation rates are declared at the beginning of a segment term and are guaranteed for that segment term. Rates for future segment terms are subject to change.

The **Short Term Holding Account** credits an interest rate declared by Horace Mann that will not be less than the guaranteed minimum interest rate of 0.10%. This account does not have a segment term.

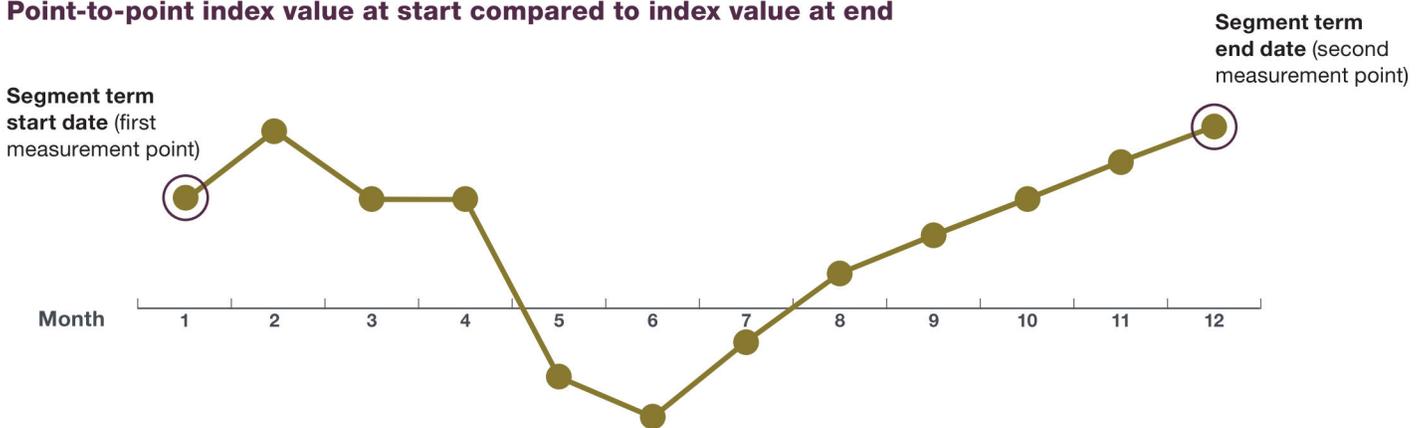
The **Long Term Fixed Account** credits an interest rate declared by Horace Mann that will not be less than the guaranteed minimum interest rate of 2.00%. Each premium allocation to the Long Term Fixed Account has a segment term of one year.



The **S&P 500 Annual Point-to-Point Indexed Account** is measured point-to-point with a participation rate and a cap rate. The participation rate for this option is currently 100%. The current cap rate is 9.50%. The cap rate and the participation rate can be adjusted at each segment date, but will never be lower than the minimums listed below.

- Segment term: one year
- Minimum cap rate: 3.00%
- Minimum participation rate: 20%

**Point-to-point index value at start compared to index value at end**



The index value at the beginning of the segment term is compared to the index value at the end of the segment term to determine the percentage change. Because this method only looks at two points in time, index movement month to month does not impact interest credited. Only the initial index value and the ending index value factor in. A positive change will result in crediting of indexed interest, subject to the cap rate and participation rate. A negative change, or no change, will result in crediting of 0% indexed interest.

**Example of point-to-point crediting**

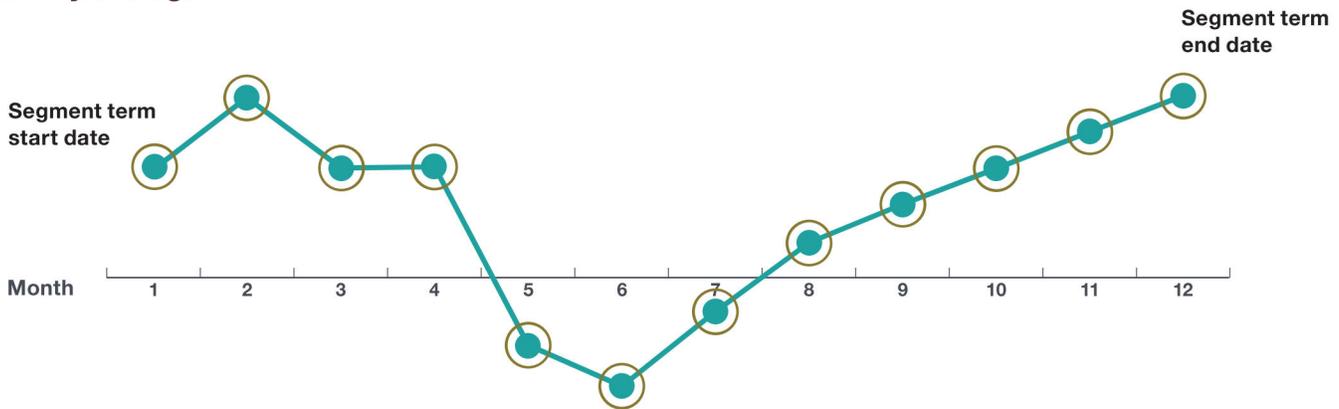
If the cap rate is 9.50% and the participation rate is 100%:

Index value change	Indexed interest credited
2% increase	2.00%
-12% decrease	0% (due to the floor rate)
15% increase	9.50% (due to the cap rate)

The **DJIA Annual Monthly Average Indexed Account** is measured as a monthly average with a participation rate and a cap rate. Currently, the cap rate for this option is unlimited. The current participation rate is 85%. The participation rate and the cap rate can be adjusted at each segment date, but will never be lower than the minimums listed below.

- Segment term: one year
- Minimum cap rate: 3.00%
- Minimum participation rate: 20%

**Monthly average**



The index value is measured at each monthly anniversary in the segment term. These monthly index values are then **averaged**, and the average index value is compared to the index value at the beginning of the segment term. A positive change will result in crediting of indexed interest, subject to the participation rate and the cap rate. A negative change, or no change, will result in crediting of 0% indexed interest.

Here’s how the calculation works. If the beginning value of the index is 12,151 and the monthly index values were measured as follows:

1	2	3	4	5	6	7	8	9	10	11	12
12,660	13,005	13,126	13,228	12,454	12,602	13,075	13,102	13,437	13,107	12,985	12,938

Adding together all the monthly values listed above, then dividing by 12 gives the monthly average index value of 12,976. Subtracting the beginning index value of 12,151 provides an increase in value of 825, or 6.80% (825/12,151). With an 85% participation rate and an unlimited cap rate, the interest credited would be 5.78% for the year (6.80% multiplied by the 85% participation rate).

**Example of monthly average crediting**

If the participation rate is 85% with an unlimited cap rate:

Index value change	Indexed interest credited
2% increase	1.70% (2% x 85% participation rate)
-10% decrease	0% (due to the floor rate)
10% increase	8.5% (10% x 85% participation rate)



Auto | Home | Life | Retirement

### Key terms

<b>Indexed accounts</b>	Accounts in which funds earn interest based on the change in value of an investment index. Pathfinder IUL allows allocation to accounts based on two indices: the S&P 500 and the Dow Jones Industrial Average.
<b>Segment Creation Date</b>	The day of each month on which certain funds can be transferred among the policy's accounts.
<b>Premium allocation date</b>	The date on which funds in the Short Term Holding Account can be transferred to other accounts.
<b>Cap rate</b>	The maximum indexed interest rate.
<b>Crediting strategy</b>	The method of crediting interest to the indexed account.
<b>Floor rate</b>	The minimum indexed interest rate.
<b>Indexed interest rate</b>	The interest rate used to determine the amount of indexed interest.
<b>Participation rate</b>	The percentage of the increase in the index that, along with the cap rate, will be used to determine the indexed interest rate.
<b>Percentage of Premium Expense Charge</b>	An expense charge applied to all premiums paid.

*Horace Mann Life Insurance Company underwrites Horace Mann life insurance products. Horace Mann Pathfinder Indexed Universal Life® is a flexible premium life insurance policy that offers a death benefit to the beneficiaries of the policy. Products and features may not be available in all states. Policy issuance is subject to availability and the outcome of the underwriting process.*

*Interest credited to indexed accounts is affected by the value of outside indexes. You may not be credited with any interest in the indexed accounts due to the method used to calculate and credit interest. Current cap rates and participation rates are not guaranteed and may change, subject to the minimum rates specified in the policy. The indexed universal life insurance policy is not an investment in the market or in an index. It is not possible to invest in an index. An index does not include the payment or reinvestment of dividends in the calculation of its performance. Horace Mann reserves the right to add or remove any indexed account or indexed interest crediting options. If any index is discontinued or if the calculation of any index is changed substantially, Horace Mann reserves the right to substitute a comparable indexed account.*

*The S&P 500 and the Dow Jones Industrial Average are products of S&P Dow Jones Indices LLC or its affiliates (SPDJI) and have been licensed for use by Horace Mann. Standard & Poor's and S&P are registered trademarks of Standard & Poor's Financial Services LLC (S&P); Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Horace Mann. The product is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P or their respective affiliates and none of such parties make any representations regarding the advisability of purchasing this product, nor do they have any liability for any errors, omissions or interruptions of the S&P 500 or the Dow Jones Industrial Average.*

*This information represents Horace Mann's Pathfinder Indexed Universal Life® insurance policy ICC15-152 and alternate forms. This advertising material must be preceded or accompanied by either IM-003796, a Pathfinder IUL policy illustration or a current annual statement for a specific Pathfinder IUL policy.*

[horacemann.com](http://horacemann.com)