

Historical Dividend Interest Rates (DIRs)



Your life insurance decision matters for both your life and future generations.

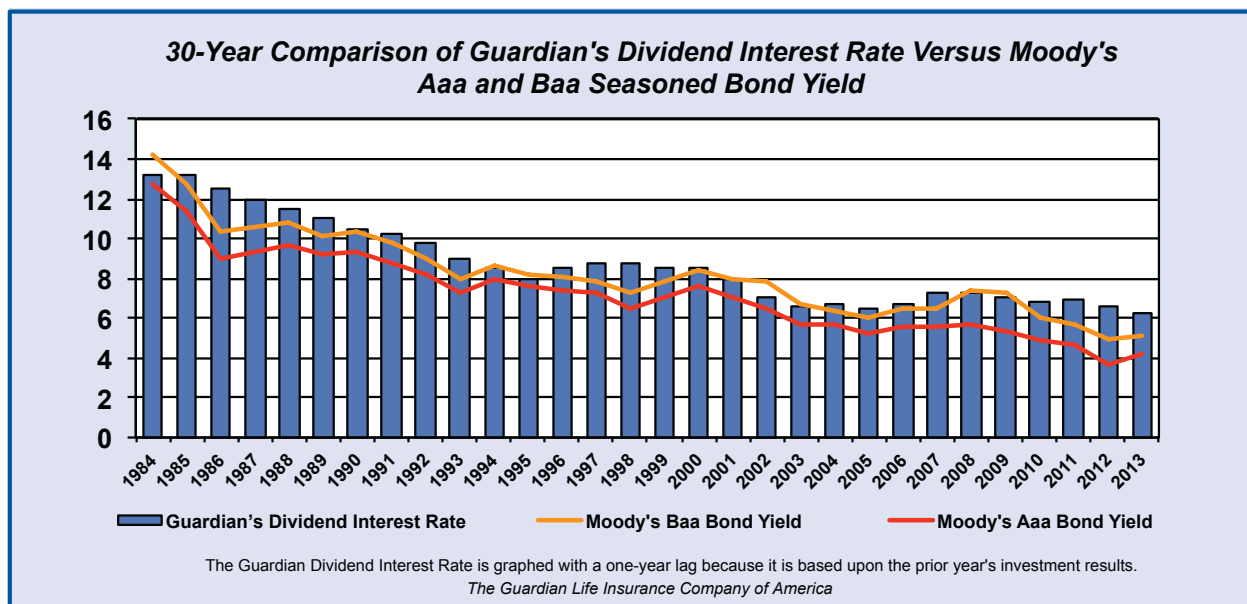
Mutual life insurance companies that issue whole life — like Guardian — operate for the benefit of participating life policyholders. These policyholders share in the company’s results, in part, through the payment of annual dividends.¹ Unlike stock-based companies, there are no outside shareholders, 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 and bad economic times.

What’s in a 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. These investment results are represented as the Dividend Interest Rate (DIR).
- **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 DIR component of the dividend tends to follow bond yields over time — the following shows a historical snapshot of Guardian’s DIR compared to Aaa and Bbb Corporate Bond Yields:



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

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