Principal

Retirement Program Analysis

May 2021

NATIONAL LIFE GROUP®

Retirement Program:

Defined contribution
Defined Benefit
Nonqualified

National Life Group Retirement Program Summary

National Life Group has a robust retirement offering for their employees. Currently there are two 401(k) plans, two Defined Benefit Plans (one Hard Frozen and one Soft Frozen) and 13 Non-Qualified Deferred Compensation plans.

The National Life Group Pension Plan for Employees covered approximately 1,250 employees and 2,300 total participants at January 1, 2020. Participation for new employees has been closed as of January 1, 2021.

Employees hired before July 1, 2001 ("Class ON") receive a final average pay benefit capable of replacing up to 60% of final compensation for a full career employee.

Employees hired after July 1, 2021 ("Class NN") receive a cash balance benefit with annual pay credits based on age plus service "points". The current schedule provides pay credits from 2.75% to 6.5% up to ½ of the social security taxable wage base, and 5.5% to 13% for compensation above that level. Interest is credited at the 30-year treasury interest rate with a minimum of 4.88% on the balance accumulated to January 1, 2017 and 2.8% for balances accumulated thereafter. Approximate benefit replacement for a full career employee under this formula is closer to 15%, about one-quarter of the benefit delivered under the Class ON formula.

With the closing of participation, the long-term objective of the Pension Plan would appear to be an orderly wind-down of past obligations through liability driven investment strategies and opportunistic transfer of risk through lump sums and annuities. However, with meaningful benefit accruals expected to continue for a decade or more, efficient administration and clear communication of total retirement benefits to employees will continue to be important as well.

The much smaller National Life Insurance Company Agency Employees Pension Plan has been frozen since January 1, 2004, and only covered 14 employees and 145 total participants at January 1, 2020. It appears this plan could be terminated at the sponsor's discretion to eliminate future administrative costs and PBGC premiums.

There is a robust Non-Qualified Deferred Compensation program consisting of 13 Non-Qualified plans. A separate review of those plans has been provided below.

To assist in the determination of ongoing plan provisions, we have provided the following considerations:

- Benchmarking – outlines the common provisions utilized by other Insurance Industry organizations. The benchmarking is from the 2021 PLANSPONSOR Defined Contribution (DC) Survey.
- Key Provision Plan Review Comparison – compares the key provisions of all plans to help you determine differences and applicable protected benefits.

The goal of this analysis is to stimulate a discussion about the level of benefits you are providing and the choices you may be considering. There are various changes you may want to consider to your ongoing plan design. This analysis should help with those discussions.

If you should have any questions about this information, please do not hesitate to reach out. We look forward to the opportunity to help you meet your retirement needs.

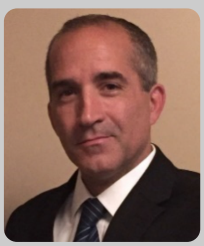
Michelle Zevola, Senior Relationship Director, Principal®
Charlotte, NC
Phone: (704) 907-1441
Zevola.Michelle@principal.com

Scott Swalley, Senior Consultant II, Principal®
Des Moines, IA
Phone: (515) 878-6409
Swalley.Scott@principal.com

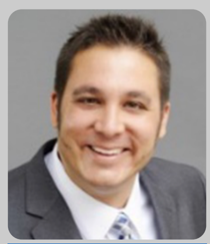
Elissia Schmidt, Senior Client Service Manager II, Principal®
Des Moines, IA
Phone: (515) 452-4325
Schmidt.Elissia@principal.com

Mike Clark, Senior Actuary, Principal®
Pittsburgh, PA
Phone: (412) 394-9383
Clark.Mike@principal.com

Matthew Keller, Senior Actuary, Principal®
Pittsburgh, PA
Phone: (412) 394-6324
Keller.Matthew@principal.com



Don Curtis, Assistant Director, Principal®
Raleigh, NC
Phone: (919) 881-1544
Curtis.Don@principal.com



Eustace Spaine, Sr. Client Service Manager II – DB, Principal®
Des Moines, IA
Phone: (515) 452-4272
Spaine.Eustace@principal.com

Susan Arnold, Sr. Client Service Manager – NQ, Principal®
Raleigh, NC
Phone: (919) 881-1549
Arnold.Susan@principal.com

National Life Group - 401(k) Plan

Benchmarking comparison research

Plan stats

	Your participation	Your average account balance	Your average deferral rate
	National Life Group 401(k): 95.89% National Life Insurance Company Agents: 30.58%	National Life Group 401(k): $248,831 National Life Insurance Company Agents: $144,768	National Life Group 401(k): 9.78% National Life Insurance Company Agents: 18.84%
Industry average	PLANSPONSOR: 87.0%	PLANSPONSOR: $142,857	PLANSPONSOR: 8.3%
Additional stats	20.4% of plans offer Defined Benefit traditional plan 29.1% of plans offer NQ DC plans		

Key plan provisions

Safe harbor (SH)

National Life Group 401(k): not SH
National Life Insurance Company Agents: not SH

Industry PLANSPONSOR: 71.4% are SH

Automatic deferral features

National Life Group 401(k): offers 6% automatic enrollment (AE), with a 1% automatic increase (AI) to 12%
National Life Insurance Company Agents: does not offer AE

Industry PLANSPONSOR: 62.4% offer AE; 38.1% have default rates of either 3% or 6%

Vesting

National Life Group 401(k): 2-year cliff
National Life Insurance Company Agents: 3-year cliff

Industry PLANSPONSOR: most common vesting is immediate at 54.3%

Eligibility

National Life Group 401(k): immediate
National Life Insurance Company Agents: 1 year of service

Industry PLANSPONSOR: 44.7% have immediate eligibility

Loans

National Life Group 401(k): allows for loans, 1 outstanding
National Life Insurance Company Agents: does not allow

Industry PLANSPONSOR: 84.5% offer loan provision; 49.4% allow 1 loan open at a time

Employer (ER) contributions

National Life Group 401(k): match of 50% up to 6% to those with salary > $45k, 75% up to 6% match to those with salary < $45k; also offers nonelective pay to pay basis
National Life Insurance Company Agents: nonelective integrated allocation (6.1% up to Taxable Wage Base (TWB); 7.5% above TWB)

Industry PLANSPONSOR: 82.8% offer a match, most common is a full, flat match; 55% offer a non-matching or PS contribution, 44% offer a pay to pay

Industry reflects
2020 PLANSPONSOR Defined Contribution survey – reflecting 2019 plan year experience
Plan size: Overall
Industry: Insurance Reinsurance
Number of respondents: 110

Your plans reflect
National Life Group
National Life Insurance Company Agents
As of 12/31/2019

Summary of Key Plan Provisions
and Plan Design Commentary

Plan Provisions	National Life Group 401(k) Plan	National Life Insurance Company Agents Retirement Plan	Plan Design Considerations
Document Reviewed	Plan 004, Last amended 5/1/2019	Plan 005, Last amended May 1, 2020	
Employer	National Life Insurance Company	National Life Insurance Company	
Plan Year	1/1 – 12/31	1/1 – 12/31	
Eligible Employee	All common law employees excluding: Puerto Rico Employees Leased Employees Employees who are not classified as "with benefits"	Any Employee of the Employer excluding: Puerto Rico Employees An Employee who is not a full time Agent Independent Contractor who is not a full-time life insurance salesman	Eligible Employee Definitions are clear and define exactly who is eligible for each plan.
Entry Requirement	None, immediate entry	1 Year of Service and Monthly Entry dates	Trends are going towards immediate entry. Reduces administrative burdens and also starts positive savings behaviors.
Pay Definition	W-2 excluding: Post Severance Compensation Fringe Benefits Commission Overtime Compensation while ineligible Variable Pay Bonuses	W-2 excluding: Post Severance Compensation For deferrals, pay while eligible Nonelective – Full Year pay	Pay definitions are fine as written.
Elective Deferrals	1% - 50% EACA – 6% Automatic Increase – 1% up to 12% Roth Allowed	1% - 50% Roth Allowed Highly Compensated Employee's limited to 10% Elective Deferrals. No Automatic enrollment or increase	Consider adding Automatic Enrollment on Agents plan. Adding Automatic Enrollment to the Agents plan may be a way for the Highly Compensated Employees to save more than the current deferral cap in place.

Plan Provisions	National Life Group 401(k) Plan	National Life Insurance Company Agents Retirement Plan	Plan Design Considerations
Employer Contributions	Matching contributions – 50% of 6% for those with a salary > $45,000 75% of 6% for those with a salary < $45,000 Non-Elective contributions – Discretionary on a pay to pay basis.	Non-Elective – 6.1% up to Taxable Wage Base and 7.5% above Taxable Wage Base	Perhaps consider shifting some of the Agents Non-Elective contributions to a match to help increase savings rates. An example may be to do a 50% of 6% match and then 3-4% Non-Elective to keep the costs the same, and encourage employee savings. For the National Life Group Plan, consider making the match uniform for everyone to help with administrative complexities. We can help model cost considerations of doing that.
Normal Retirement	Age 65 Early Retirement age 55	Age 62 No Early Retirement Age	
Vesting Schedule	2 – Year cliff. Also, become fully vested if they terminate because they are becoming: (1) An employee of a General Agent in National Life's career distribution channel; (2) An independent contractor under an agreement with National Life Insurance Company or one of its affiliates to act as a General Agent, Branch Manager, Sales Manager, District Agent, Middle Manager or a similar role in its career distribution channel.	3 Year cliff Vesting	We would need National Life Group to report the accelerated vesting for the National Life Group members who become fully vested due to the change in job titles.
Loans	Allowed 1 Outstanding at a time $1,000 minimum Must wait 7 days after repayment to get new loan.	Loans are not allowed per the SPD	

Plan Provisions	National Life Group 401(k) Plan	National Life Insurance Company Agents Retirement Plan	Plan Design Considerations
In-Service Withdrawals	Age 59 ½ Hardships 2-Year Contributions Qualified Reservist Deemed Severance	Age 59 ½ (50% of Non-Elective balance available, 100% at age 62) Hardship 2-Year Contributions (50% of vested amount available) 60 months participation (50% of vested amount available)	With 3-year vesting schedule on agents plan, is 2 year contribution withdrawal confusing? For that 1-year period of time, only deferrals would be available. We will ensure to collect the accumulators during the transition to reflect the proper amounts available for the 2-year Contribution withdrawals and 60-month participation withdrawals.
Distribution Options	Lump Sum Ad Hoc	Lump Sum Installments Ad Hoc	

Plan review summary I Deferred Compensation Program

How healthy are your plans?

May 24, 2021 I National Life Group

As a sponsor of a nonqualified deferred compensation program, you've already made a decision you can feel good about by investing in your key employees. You can feel even better about this decision by periodically looking at the health of that program to help ensure it's living up to its full potential. We can help you do that. As the No. 1 provider of nonqualified deferred compensation plans[1], we see hundreds of plans every year. And, we're happy to lend our consulting expertise to help you make the most of yours.

Together with your consultants at Fiducient, we've looked at the Deferred Compensation Program to help you determine how your program compares to others we work with. This review focuses on the most common plan design and service features that can impact both plan sponsors and participants. It's based on the documents provided to us for the initial review.

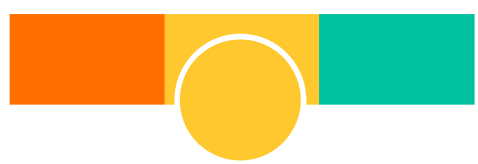
Review recap

These charts summarize what Principal® looked at and show our health assessment of each feature. This assessment is based on looking at best practices for deferred compensation plans. After this summary, you'll see more detailed explanations of best practices and how your program might be enhanced. If at any time you have questions or would like more detail, we're ready to help you and your consulting team at Fiducient - specifically in areas of plan design, operation and administrative services.

Plan health

Plan design feature	Health assessment
Eligibility	
Compensation	
Participant deferrals	
Employer credits	
Participant election timing & method	
Vesting	
Deemed investments	
Distribution options	
Regulatory compliance	
Financing	

Overall plan health score



Health key

- Healthy
- Room for Improvement
- Operating outside of best practices

Participation: Ensure the right groups of employees or individuals are included to meet plan objectives.

Design feature	Description	Health assessment
Eligibility	Participation in a deferred comp plan is limited to highly compensated employees or a select group of management that's determined by the plan sponsor.	

Contributions: Establish the appropriate compensation types to drive employee performance.

Design feature	Description	Health assessment
Compensation	The plan sponsor determines which compensation types are eligible for deferral under the plan.	
Participant deferrals	Allows plan participants to manage current taxation by saving for specific individual goals on a pre-tax basis by deferring current compensation over and above qualified plan limits.	
Employer credits	Allows the plan sponsor to make contributions over and above qualified plan limits in an effort to incentivize participant performance, reward past performance, and/or restore lost contributions.	

Balances: Determine the options participants have with balances based on organizational goals.

Design feature	Description	Health assessment
Participant election timing & method	Internal Revenue Code Section 409A of the Code includes very specific election timing requirements.	
Vesting	Allows the plan sponsor to establish service requirements that meet retention goals independent of qualified plan vesting requirements.	
Deemed investments	Allows plan participants to manage their account within a menu of deemed investment alternatives.	

Paying benefits: Improve perceived value by offering various distribution options for participants.

Design feature	Description	Health assessment
Distribution options	Allows plan participants to save for specific individual goals.	

Compliance: Ensure plan operation meets Internal Revenue Service tax code requirements.		
Design feature	**Description**	**Health assessment**
Regulatory compliance	Internal Revenue Code Section 409A provides specific requirements regarding the timing of deferred comp elections, distribution events, payment options and restrictions and compliance.	●

Financing: Review financing to ensure you're meeting future obligations in the most effective manner.		
Design feature	**Description**	**Health assessment**
Financing	Determining the most cost-effective way to finance a deferred comp plan affects an organization's ability to meet its objectives. Often times, plan financing options are limited, inflexible and complex.	●

[1]Based on total number of nonqualified deferred compensation plans (excluding 457 plans), PLANSPONSOR 2019 NQDC Recordkeeping Survey, June 2019.

Principal National Life Insurance Company and Principal Life Insurance Company, Des Moines, Iowa 50392-0001, www.principal.com

National Life Insurance Company Nonqualified Plan Reviews

Some of our comments apply to multiple plans, so rather than include the same comment multiple times we felt it more efficient to include these comments in a single location.

The 409A documents clearly intends to comply with 409A, but many are silent on some provisions we expect to see in a 409A document. Examples:

- A 409A “Savings Clause”
- More elaborate 409A “plan termination” language
- Are installments treated as a “single payment” or a “series of individual payments” for re-deferral purposes?
- More robust “claims and review” procedure, including a “Disability review” procedure
- A few definitional items

Several documents contain specific language re: taxes and expenses: “…the Company may charge the Account with its share of any taxes and/or other expenses attributable to the carrying of the Account…”. While it is unusual to charge participant accounts for plan expenses, it is virtually unheard of to subject the participant account to taxes prior to distribution. How is this provision working in practice today? We are not charging participants. However, we have the verbiage in the event something would change (you likely see this verbiage in the field documents).

The plans offering employee deferrals typically function as “non-evergreen” elections (e.g.: participants must take definitive action to make elections each year (Q4) for contributions to continue. Evergreen elections (e.g.: participant elections carry over year to year automatically) are generally considered best practices. Have you considered “evergreen” elections? We have not. Open to discussion.

Many of the plans function as “source-year” designs. Meaning, participant account balances are displayed first based on the year the contribution occurred with distribution elections (e.g.: “time and form” elections) second. We’ve found most participants prefer a different approach to how their balances are displayed, what we call an “account-based” approach. Essentially, participant account balances are displayed based on the “savings goal” (e.g.: distribution elections) without regard to the year the contribution occurred. Have you considered a different approach to participant distribution elections and how those elections are displayed? We have not. Open to discussion.

Many of the plans contain balances “grandfathered” from 409A. We can fully support pre-409A balances.

Plan 1 - 32701

Amended and Restated National Life Group Deferred Compensation Plan for Employees – $16,948,188 in balances for 37 participants as of 12/31/2020

Appears to be split between pre and post 409A

Benefits are paid at the earlier of:

- Death
- Separation from Service
- Age 65 (or 5 years of service, if later)

Contains the $50,000 minimum installment threshold but aggregates it across all like plans.

We see no issues/concerns recordkeeping this plan.

National Life Group Deferred Compensation Plan for Employees – Pre

Specifies the menu of deemed investments be exclusively comprised of Sentinel Funds.

Benefits are paid at the earlier of:

- Death
- Specified Date
- When an individual ceases to be a “Classified Individual”

Contains the $50,000 minimum installment threshold but aggregates it across all like plans.

We see no issues/concerns recordkeeping this plan.

Plan 2 - 32723

National Life Insurance Group Amended & Restated DCP for Full-Time Agents: $2,483,024 in balances for 13 participants as of 12/31/2020

This plan appears to be similar to Plan 1 above except the eligible group is full-time agents rather than employees.

We see no issues/concerns recordkeeping this plan.

National Life Insurance Group Amended & Restated DCP for Full-Time Agents – Pre

Specifies the menu of deemed investments be exclusively comprised of Sentinel Funds.

Benefits are paid at the earlier of:

- Death
- Specified Date
- When an individual ceases to be a "Classified Individual"

Contains the $50,000 minimum installment threshold but aggregates it across all like plans.

We see no issues/concerns recordkeeping this plan.

Plan 3 - 32724

Amended and Restated Supplemental Pension Plan for Full-Time Agents of National Life Insurance Company - $2,612,433 in balances for 24 participants

This plan is a NQDC-style plan designed to make up for lost benefits under the qualified DB plan due to employee deferrals to a non-qualified plan. Is the expectation for Principal to help with these calculations? Yes.

We see no issues/concerns recordkeeping this plan.

Plan 4 - 32725

National Life Group Amended and Restated Agency Management Defined Contribution Retirement Plan: **$4,205,498 in balances for 18 participants as of 12/31/2020**

Essentially, the plan provides for employer contributions to either a "contingent account" or a "regular account" for either General Managers or General Agents, respectively. As of January 1, 2013, the plan only provides for "regular" contributions.

However, General Managers accrue account balances, but they do not begin to vest until they become General Agents. From a recordkeeping perspective, this will require manual intervention upon the move to a General Agent to begin tracking vesting appropriately. We'll need NLG to notify us when such a move occurs.

We see no issues/concerns recordkeeping this plan.

Plan 5 – Closed in March. Moved to "not in scope" section.

Plan 6 - 32727

Amended and Restated Deferred Compensation Plan for Independent and NFT Agents: $3,921,689 in balances for 14 participants as of 12/31/2020

We did not receive the grandfathered version document of this document to review. Can provide if required. **Yes, please. We have the post 409A document, pending the pre-409A document.**

EE deferrals only.

Benefits are paid at the earlier of:

- Death
- Separation from Service
- Five Years after grant.

Benefits are paid in a single-lump sum.

We see no issues/concerns recordkeeping this plan.

Plan 7 - 32728

National Life Insurance Company Deferred Compensation Plan for General Agents –$1,149,411 in balances for 3 participants as of 12/31/2020

Benefits are paid at the earlier of:

- Death
- Separation from Service
- Age 65 (or 5 years of service, if later)

We see no issues/concerns recordkeeping this plan.

National Life Insurance Company Deferred Compensation Plan for General Agents - Pre

Specifies the menu of deemed investments be exclusively comprised of Sentinel Funds.

Benefits are paid at the earlier of:

- Death
- Specified Date
- When an individual ceases to be a "Classified Individual"

Contains the $50,000 minimum installment threshold but aggregates it across all like plans.

We see no issues/concerns recordkeeping this plan.

Plan 8 - 32729

National Life Group Deferred Compensation Plan for Outside Directors –$3,096,292 in balances for 4 participants as of 12/31/2020

This plan is virtually identical to Plan One (**Amended and Restated National Life Group Deferred Compensation Plan for Employees)** save the removal of an age 65 distribution triggering event.

Benefits are paid at the earlier of:

- Death
- Separation from Service

We see no issues/concerns recordkeeping this plan.

NLV Financial Corporation Deferred Compensation Plan for Outside Directors (Pre-409A)

- Appears to be grandfathered pre-409A money.
- Director deferrals only
- Sentinel funds included "Sentinel Common Stock Fund" – **What does "Common stock fund" mean? For plan 32729, this is the old fund name for Touchstone Large Cap Focused. It is not a PUP/company stock fund.**
- Lump Sum or up to 15 annual installments.

We see no issues/concerns recordkeeping this plan.

Plan 9 - 32758

National Life Insurance Company Experience Life Producer Program Deferred Compensation Plan (ELPP)

This plan provides for annuity distributions. We don't support annuity distributions in the NQ space. Instead, we would process a lump sum and NLG (or the annuity company) would issue payments, W2s and keep track of the participant until death.

The "performance-based vesting schedule" described in this document requires information from NLG to confirm which of the 63 participants are to receive vesting advancement in a given year. This will be a manual process. We are willing to support this within the pricing structure until the new overarching design strategy is put in place.

We see no issues/concerns recordkeeping this plan.

Plan 10 - 32842

National Life Group Performance Unit Plan for Officers and Employees (PUPS) - National Life Group Amended and Restated Performance Unit Plan – $38,998,784 in balances for 155 employees as of 12/31/2020

This plan has "Award Units" and "Deferred Units". I believe Deferred Units are Award Units that have been re-deferred (I presume according to the 12/5 rule?). Yes, awarded units can become deferred units if the employee does not want them to be paid out.

It appears "re-deferral" opportunities are limited to employees of a specific compensation level. We cannot support the current design in our current automation form – we support either everyone has a re-deferral opportunity or no one has re-deferral opportunity. What is the rationale for this limitation? This follows allowable deferral limit across all plans that must be met (can only defer if you meet

HCE). If we remove the deferral limit for PUPs, we should remove for all plans. Prudential has a workaround currently where the Comp Director provides a separate listing of those new awards that cannot be deferred based on previous year's earnings.

There is a reference to "held units". We are unclear how this works today. We'll want to spend some time understanding how this works so we can determine the best solution. Yes, overly complex and we need a platform that houses the number of units even if there is no issued value for those considered "held."

NLG would provide Principal the "unit value" calculations and report that "NAV" to us. We need to determine the frequency that NAV will be reported to us. We presume this is annually as of 4/1 – please confirm? Yes, annually as of 4/1 – provided in late February of same year

Appears to function as a "mostly vest and pay" design. In other words, this means benefits vest when they become 100% vested rather than distributing a portion at each graded vesting grade. Correct, unless they defer payment after vesting.

How do the "holding requirements" in Article 7 work? We expect this can be managed one of two ways:

- NLG only reports units to us that are not subject to any holding requirements. This is the safest option. This continues to rely on NLG for weeks of manual work and there is no backup.
- NLG reports all units, but NLG is solely responsible for adjusting any adjustments at distribution. We need an analysis team to assist

Some installments remain in the "unit". Other installments are moved to a menu of funds approach. Best practice would be to have all installments be treated the same way which, in this case, appears to be a menu of funds. What is the rationale for this design? Historic options from original plan design. Would need to review and remove options with an amendment, but still need to track grandfathered scenarios.

Plan 11 - 32750

Deferred Compensation Plan for Premier Financial Alliance: $26,213,258 in balances for 1 participant as of 12/31/2020

PFA is the actual participant. There are no individuals who participate, rather the agency itself.

- Non-evergreen
- Source-year
- Lump sum payments at the 10th anniversary of deferral

We see no issues/concerns recordkeeping this plan.

Other Plans

Plan 12

National Life Group Amended and Restated Supplemental Pension Plan for Employees

- It appears the intention here is to grandfather pre-409A balances ONLY for participants who commenced prior to 12/31/2004. That makes good sense.
- 1.01 defines "Account". It's unusual for NQDB plans to reference "accounts". It appears there is an "annuity" component and an "account balance" component. The latter functions as a DC-style benefit but we can (and should) likely track this on our NQDB platform like a Cash Balance Plan
- This plan appears to have different benefits based on how the QDB is tracked.
    - The "annuity benefit" component appears to be the qualified DB plan benefit with comp and 415 limits removed AND adding back "voluntary" NQ deferrals.
    - The "account balance" component appears to be a "cash balance" style benefit.

The Supplemental Pension Plan for Employees is a NQDB plan while the Supplemental Pension Plan for Full Time Agents of NLIC is a NQDC plan.

It doesn't appear that participating in the VDCP would impact their eligibility for the NQ Supplemental pension plan. Let me know if you have any additional questions though.

With respect to the Supplemental Pension Plan for Employees (17487), an active NL employee becomes a participant in the Supplemental plan if they either a) defer compensation under the Voluntary Deferred Compensation Plan (VDCP), or b) earn compensation in excess of the 401(a)(17) limit. The exact wording in section 2.01 of the plan document is below.

Once an employee has accrued any benefit in the Supplemental plan, they remain a participant until that benefit is fully paid out. For example, if an employee accrues a benefit in the Supplemental plan in one year and has no accrual in the following year, they remain a participant in the Supplemental plan.

2.01 Eligibility.

Any participant in the Pension Plan who is not already an Active Participant in this Plan shall become an Active Participant in this Plan upon the last day of January following the first Plan Year in which occurs the earlier of:

(a) an amount is credited to the individual under the Voluntary Deferred Compensation Plan, and

(b) the individual's benefit under the Pension Plan is determined to be less than it would have been had the provisions of Internal Revenue Code § 401(a)(17) and/or § 415 not applied,

provided the individual is an Employee on that last day of January.

As of January 1, 2020 (our most current census date), there were 58 active employees in the Supplemental plan, along with 15 terminated vested participants with deferred benefits, and 50 participants currently receiving annuity benefits.

We see no issues/concerns recordkeeping this plan.

Plan 13

National Life Group Amended and Restated Performance Unit Plan for Directors

- NAV links to Plan 10
- ER contribution. We presume NLG will calculate and report the contributions to us.
- 100% immediate vesting
- Distribution occurs at
  - Separation
  - Death
  - CIC

We see no issues/concerns recordkeeping this plan.

Plan 14

National Life Group Amended and Restated Sentinel Value Unit Plan – $340,348 in balances for 6 participants

The plan was amended and restated in 2014 and only applies to units for 2014 and after. Any units granted prior to 2013 are subject to the 2013 document.

The Board grants units at their discretion. The values of the units are based on a complex formula tied to company financials (EBIDA, revenue, etc.) and determined at grant and distribution. We will rely on the employer to calculate and report contributions and unit values to us.

Grants are distributed at death, Disability, at the end of the 4th year after grant and Change in Control. The grants vest at the end of the 4th year subject to a 25% per year formula. If a separation occurs prior to year 4 are vested amounts distributed? If so, in what manner (i.e. lump sum)? If not, what is the purpose of 25% per year vesting? For the SVU plan, yes that's correct that if a separation occurred prior to the 4th year of vesting, than any vested amounts would still be distributed on the scheduled commencement date (after the 4th year). Please note this plan has been frozen to new contributions after the 2016 plan year. There are some remaining balances that are scheduled to be paid though from participants that have delayed their distribution dates.

The ability to "re-defer" units follow 409A rules, however units cannot be deferred beyond age 70. We do not have an automated solution to manage to the age 70 limit. The employer will be responsible for monitoring the age 70 requirement and notify us of any limitations to participants ability to re-defer payments.

Benefits are distributed in a lump sum for all events except death which the participant may elect 2-5 annual installments and Disability where the participants may elect 2-14 annual installments. Installments cannot extend past age 80. The employer will be responsible for monitoring the age 80 requirement and notifying Principal of any changes to the participants distribution schedule.

Interest is credited during re-deferral period equal to an amount tied to hypothetical investing of funds.

We see no issues/concerns recordkeeping this plan.

Plans that should be out of scope today

SIIP Deferred Bonus Plan: $88,251 in balances for 1 participant as of 12/31/2020

The final balance distributed in March, 2021.

- Effective 4/1/2014
- References the SISDIP. It appears SISDIP was renamed SIIP Deferred Bonus Plan
- Appears to be a discretionary ER credit, which they call a "deferred bonus". It does not actually appear to be a participant elected deferral.
- Three-year rolling cliff vesting schedule with some typical super-vesting events.
- Vest and pay in a lump sum.

Has the final distribution occurred for this plan?

Plan 5

Sentinel Asset Management Investment Performance Incentive Plan Deferred Bonus Plan: $1,048,502 in balances for 9 participants as of 12/31/2020

There were no contributions made to this plan in 2020. Is it frozen to new participants and new contributions? Closed and final payouts March 2021. SIIP did distribute in March and now has a $0 balance with 0 participants.

Employer contributions only

Vest and pay according to a rolling three-year cliff

Section 4 requires participants invest at least 50% of their deemed accounts in the Sentinel funds they advise. We do not have an automated solution to enforce this requirement and require the removal of the restriction to automate the recordkeeping of this plan.

With the change noted above, we see no issues/concerns recordkeeping this plan.