



National Life  
Group®  
Experience Life®

## Financial Strength Ratings

For National Life Insurance Company and Life Insurance Company of the Southwest as of February 2, 2016.

### A (EXCELLENT)

A.M. Best

Third highest of 16 rankings

### A (STRONG)

Standard & Poor's

Sixth highest of 21 rankings

### A2 (GOOD)

Moody's

Sixth highest of 21 rankings

Ratings are subject to change

National Life Group is a trade name representing various affiliates that offer a variety of financial service products. Each company of National Life Group is solely responsible for its own financial condition and contractual obligations.

Consolidated results of the National Life Group Companies, which include National Life Insurance Company, Life Insurance Company of the Southwest, Addison, Texas, Equity Services, Inc., Sentinel Investments, and NLV Financial Corporation. Sentinel Investments is the unifying brand name for the Sentinel Financial Services Co., Sentinel Asset Management, Inc., and Sentinel Administrative Services, Inc.

Equity Services, Inc., member FINRA/SIPC, is a broker/dealer and registered investment adviser. National Life Insurance Company is licensed to do business in all 50 states and the District of Columbia.

Life Insurance Company of the Southwest is licensed to do business in 49 states and the District of Columbia. It is not licensed to do business in the state of New York. It was chartered in 1955. National Life Distribution, LLC also conducts business as National Life or, in some states, National Life Insurance Agency.

All companies referenced are affiliated and located in Montpelier, Vermont unless otherwise indicated. The viewpoints expressed by our fixed insurance policy holders on pages 2, 6, 7, and 9 may not be reflective of the opinions and experiences of others.

*Front cover image: National Life team member Chris Masi high-fives his teammates, including CEO Mehran Assadi, before a wellness walk around the company's Vermont campus.*

*This page: Kristen Kicklighter, LifeChanger of the Year 2014-15 finalist.*

*Opposite page: Dallas campus team members use their volunteer time to help in their community.*



### Our vision:

To bring peace of mind to everyone we touch.

### Our mission:

Keeping our promises.

### Our values:

Do good.

Be good.

Make good.



At National Life Group, we're mission-driven, focused on doing good for our policy holders, our agents, each other, and in the communities we call home.



of volunteer time  
used by employees  
in 2015



# From Our Chief Executive Officer



Mehran Assadi

Several years ago leadership gurus Kevin and Jackie Freiberg were leading a seminar with people who worked in one-hour photo shops. They asked everyone in the room, “What’s heroic about what you do?”

There were a lot of answers: “We exceed our customers’ expectations.” “The clarity of our prints is unmatched.” “Customers can count on the reliability and speed of our service.”

Finally, a woman in the back of the room stood up and said, “That’s all true, but it isn’t heroic. Our work is heroic because we preserve people’s memories—the birth of a child, a wedding, an exotic vacation. We capture some of the most important times of people’s lives.”

There was a moment of silence. And then a murmur of excitement swept through the room as her answer struck a chord. She had pinpointed their noble cause, their reason for being. These folks no longer were film processors: They were memory makers.

I am a big believer in defining businesses in heroic terms. That gives workers a focus, a purpose, a mission. Tom Morris, author of *If Aristotle Ran General Motors*, wrote that “Every job productive of any good can be given either a trivial description or a noble description. Ultimate motivation requires that we have in our minds a noble description of what we do.”

National Life is a mission-driven company. Ours is a heroic industry. We are committed to providing peace of mind. We help keep alive the dreams of families, the hopes of small business owners, and the dignity and financial independence of seniors. In my view, no profession can be more honorable or special.

In today’s world having a noble purpose or a cause is a must have. Consumer preferences are shifting. It’s no longer enough to sell a product or a service that works. Consumers expect meaningful social impact. Edelman’s 2014 Trust Barometer study revealed that 92 percent of consumers want to do business with companies that share their concerns—like economic development, the environment, human rights, poverty, and hunger—and 40 percent of consumers don’t think brands are doing enough to demonstrate their beliefs in helping the world.

Employee preferences are changing as well. People today, especially younger people, want to work for companies that do good. They look to companies that define themselves in broad, noble, world-changing terms: Apple is in business to enrich lives, Google to organize the world’s information, and Southwest Airlines is in business to democratize the skies.

Our industry does so much good. We have much to offer—to consumers and to potential employees.

At National Life we make sure we are constantly reminded of the good we do.

Across from the north elevator on the third floor of our Vermont campus, the entire wall is filled by a blow-up of a letter from a family thanking National Life for the “prompt, efficient, and courteous service” following the death of their father. Around the corner and down the hall is a tribute from a woman who lost her husband to cancer. Thanks to National Life’s life insurance with living benefits, she wrote, “My kids will be going to college; my mortgage is paid off, and a steady cash flow is coming in.”

Reminders like that come to us each and every day. Last month I opened a letter from a man in Florida who wrote to tell me how years ago one of our agents, known as “Doc,” helped him and his wife purchase a life insurance policy for his wife.

“Nancy became ill and eventually passed away this year,” wrote the husband. “With Doc’s help we were able to borrow monies from the policy and utilize the illness riders that greatly helped us in her time of need. Doc was there to guide us through the process. Thank you for your excellent program and to Doc for giving me peace of mind in my hour of grief.”\*

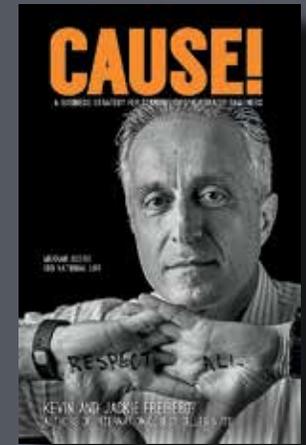
A heroic cause. A noble industry. That’s why I get up every day filled with excitement and passion for all the good we do.

*Mehran Assadi*

Mehran Assadi  
President and Chief Executive Officer

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\* Life insurance policy loans and withdrawals reduce the policy’s cash value and may result in a taxable event. Surrender charges may reduce the policy’s cash value in early years. Please see “From Our Life Insurance Business” for additional information about living benefits and illness riders.



Jackie and Kevin Freiberg's latest book, *Cause!* features mission-driven companies, including our own. Writes Jackie, "This book is a reminder of what it means to be part of something special. . . a company grounded in LOVE and a community of people who are committed to a cause to make the world better." We're proud to be featured.

Members of National Life Group's executive team volunteer at the Vermont Foodbank helping pack boxes for delivery to area food shelves. Pictured left to right are Sean Woodroffe, Thomas Brownell, Robert Cotton, Gregory Woodworth, and Chris Graff. Missing from the photo are Ruth Smith, Tom Anfuso, Mehran Assadi and Wade Mayo.

# From Our Chief Investment Officer



Thomas Brownell

At Sentinel Investments, we are proud to be part of a team that supports National Life’s mission of keeping its promises and its vision of bringing peace of mind to everyone they touch. Our dedicated and talented investment team works hard to manage the portfolio behind the guarantees provided by our fixed life and annuity contracts, contracts that help our clients reach their long-term goals and make good on long-standing promises. By working together and being our best, we meet the challenges posed by the financial markets each and every day.

In 2015, this commitment to excellence resulted in another year of solid performance for National Life Group’s investment portfolio, despite volatile capital markets.

Domestic equity markets posted their seventh consecutive year of gains, albeit much more muted than in years past. The domestic equity market posted a total return of 1.37% in 2015, down from the 13.52% return in 2014, and the robust 32.04% gain experienced in 2013. The lower returns reflected the continued fall in oil prices, concerns over China’s economic deceleration, slowing industrial production, and subdued consumer confidence.

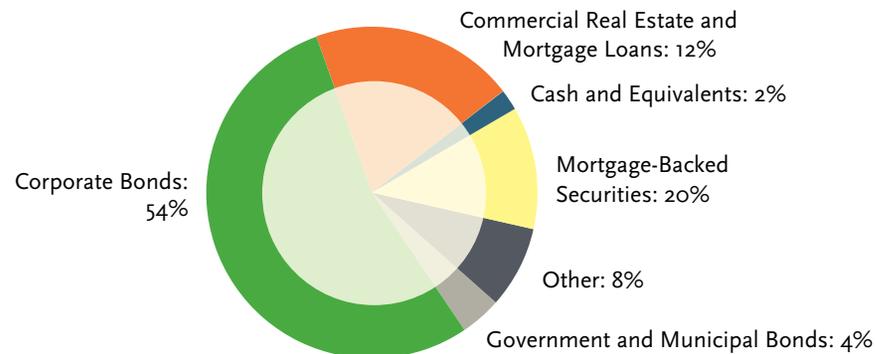
In terms of bond markets, the major headline was the Federal Reserve raising interest rates in December, ending an unprecedented six-year run of zero interest rate policy. U.S. Treasury rates remained in a relatively narrow range during the year with 10-year and 30-year treasury bonds rising from 2.17% and 2.75%, respectively, at the beginning of the year to 2.27% and 3.02%, respectively, as of 12/31/2015.

Over 91% of the Group’s \$22 billion investment portfolio is invested in fixed income securities, and as of 12/31/2015, the unrealized gain of the portfolio totaled approximately \$422 million. In addition, the Group invested approximately \$600 million in high quality municipal securities last year at attractive yields.

The performance of our portfolio is sensitive to changes in interest rates and credit spreads. I am pleased to report that the portfolio performed very well last year and I believe that it is well positioned to continue to support the Group’s liabilities through a wide variety of market conditions.

As shown on the graph (below), the Group’s portfolio is invested primarily in high quality corporate bonds, AAA-rated mortgage-backed securities, and first lien commercial real estate mortgages. Importantly, while we are keenly attuned to constantly changing market forces, we continue to adhere to the time tested investment philosophy of building a broadly diversified portfolio of high quality securities. Notably, 95% of the portfolio is comprised of investment grade securities, and we continue to follow our disciplined approach that has held the Group in such good stead for so many decades.

NATIONAL LIFE GROUP INVESTMENT PORTFOLIO



TOTAL ASSETS UNDER MANAGEMENT FOR NATIONAL LIFE GROUP



“We take to heart National Life’s value to Do Good. The long-term needs of our policy holders must be the primary focus of our investments, but within that philosophy we have the ability to do good throughout the nation, investing in our communities through affordable housing and solar projects and providing long-term capital for American businesses.” – Tom Brownell, *Cause!*

## Asset Management

In addition to managing National Life Group’s investment portfolio, Sentinel also manages the company’s twelve retail mutual fund products. In total, these funds had \$5.7 billion of assets as of 12/31/2015.

While 2015 was a challenging year for the retail mutual fund business in general, we remain committed to meeting the needs of our shareholders and business partners. To this end, we continue to build out our investment teams and strengthen our distribution capabilities, attracting experienced investment professionals and distribution talent. Together, we are all working to navigate market challenges and provide sound investment solutions for today’s needs and tomorrow’s investment goals.

I want to thank you for placing your trust in us to manage your assets. As always, we are committed to thoughtful investing, and take seriously our responsibility as a steadfast partner in helping you achieve your goals.

*Thomas H. Brownell*

Thomas Brownell  
Chief Investment Officer, National Life Group  
CEO, Sentinel Asset Management, Inc.

Sentinel Investments® is the unifying brand name of Sentinel Financial Services Company, Sentinel Asset Management, Inc., and Sentinel Administrative Services, Inc. Sentinel Funds are distributed by Sentinel Financial Services Company, Member FINRA, One National Life Drive, Montpelier, VT 05604, (800) 282-3863. Investment return and principal value in any of the funds will vary so that you may have a gain or loss when you sell shares.

*Sentinel Funds are sold by prospectus. For more complete information, including charges and expenses, please request a prospectus from your registered representative or call (800) 282-3863. Before investing, carefully consider a fund's objectives, risks, charges and expenses. A summary and full prospectuses containing this and other information are available from [sentinelinvestments.com](http://sentinelinvestments.com). Please read them carefully.*



Tom Hirschmann and Jason Doiron volunteer at the Vermont Foodbank. The company offers 40 hours paid volunteer time to all employees annually.

“Being prepared for an uncertain future has afforded my family the opportunity to continue to seek joy in life after losing the heartbeat that was our family. That is immeasurable.”



Brett Gustafson, Samantha, and their children



This is why we're so focused on our cause; we know how important it is to help others, to help families and businesses all across America protect the dreams they hold dear.

# From Our Life Insurance Business

**2015 was another banner year** for our life insurance business. We ended the year with a record \$184 million in sales; this continues our significant growth for the fifth year in a row. Our application count grew by 17 percent. And we launched a new accelerated death benefit rider, a living benefit that helps if our clients are critically injured. It's the first of its kind in the industry.

One major initiative we've been working on is building an operating platform that takes advantage of new technology. This platform enables us to design and introduce innovative products faster, provide our agents with a state-of-the-art web-enabled illustration system and accept electronic applications for our most popular products. It also allows our service team members to process business more efficiently.

So how have we kept this momentum going? Often, success like this can be fleeting but what we've discovered is that when you have a hard working team that is dedicated to a cause, success can be sustained.

Recently we learned of a young family who needed our help. Brett Gustafson and his wife Samantha ran a farm in Delaware. Farming was Brett's passion and he and Samantha hoped to build the business and eventually pass it on to their kids.

They bought a policy with us when they started their family and planned for their future. Tragically, those plans took a turn when Brett discovered a lump on his collarbone. After finally getting it checked out with his doctor, he learned he had stage 4 Melanoma skin cancer.

After a six month battle from diagnosis, Brett, an otherwise perfectly healthy young man, lost the fight at only 28 years old, leaving behind his wife and two small children who were then only 4 and 2.

Shared Samantha:

*We as humans don't plan for tragedy. It isn't something anyone wants to think about. Brett and I bought the policy as more of a retirement asset than a life insurance policy. But life can be unfair sometimes and tragedy can strike at any time. The decisions after loss can be overwhelming and life altering. This policy allowed me and my children to grieve and grow at the same time and make decisions that were best for our family based on our needs and not on survival to pay bills. It enabled me to not only find my relationship with God but also find myself as a young widow with two small children to raise.*

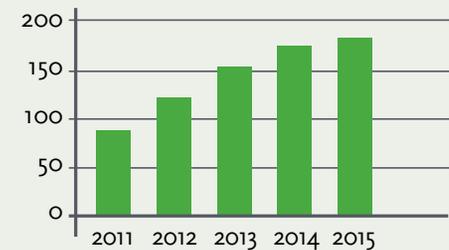
*I have been able to accomplish amazing things with the comfort that our family is taken care of; such as going back to teaching (which is my passion), being an advocate for cancer, spending time with my children and more recently having my book published "The Prayer of a Single Mom." Being prepared for an uncertain future has afforded my family the opportunity to continue to seek joy in life after losing the heartbeat that was our family. That is immeasurable.*

Not long after this tragedy, we received an e-mail from the Gustafson's agent, Don Raper, Jr. Wrote Don:

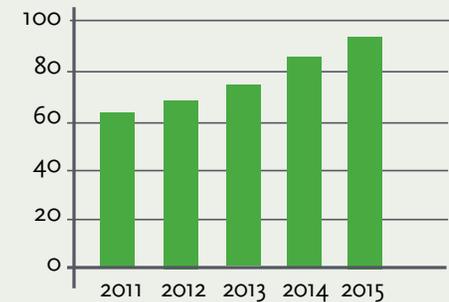
*We are truly helping people's dreams to remain alive in the event death occurs in a family's life. I am so proud to be part of the team that is protecting the dreams of countless people who trust us with those dreams every day.*

This is why we're so focused on our cause; we know how important it is to help others, to help families and businesses all across America protect the dreams they hold dear.

TOTAL LIFE INSURANCE SALES  
IN MILLIONS



LIFE INSURANCE IN FORCE  
IN BILLIONS



Living Benefits or Accelerated Benefit Riders are provided at no additional premium. These riders are optional and may not be available in all states or on all products. Riders are supplemental benefits that can be added to a life insurance policy and may not be suitable unless you also have a need for life insurance. Payment of Accelerated Benefits will reduce the cash value and death benefit otherwise payable under the policy. Receipt of Accelerated Benefits may be a taxable event and may affect your eligibility for public assistance programs. Please consult your personal tax advisor to determine the tax status of any benefits paid under this rider and with social services agencies concerning how receipt of such a payment will affect you. This is not a solicitation of any specific insurance policy.

We remained committed to our policy holders by doing good through product innovation, market expansion, and responsive digital technology to improve their lives for years and years to come.



Our Guaranteed Lifetime Income Rider was developed in 2007 yet it continues to add value to our policy holders today.

# From Our Annuity Business

**In 2015 we continued** our focus on everyday people doing business on Main Street America, which resulted in making it a strong year for the Annuity Business and our policy holders. Through product innovation, market expansion, and responsive digital technology our Annuity Business continued to change the lives of the people who trust us for sound retirement solutions that they won't outlive. We ended 2015 with \$184 million in total annuity sales. With the success of eApp, an online application, our annuity application count grew by 9 percent.

In 2015, National Life Group was excited to offer for the first time indexed annuity products to Higher Education and Government retirement plan participants on a third-party, retirement plan recordkeeping platform called Balanced Opportunities.<sup>1</sup> This platform makes a diversified line-up of investment options available to plan participants. For those seeking long-term retirement income, this unique solution offers six of our traditional indexed annuities with an optional Guaranteed Lifetime Income Rider (GLIR)<sup>2</sup> that helps our policy holders enjoy income throughout their retirement years. This product innovation is yet another way that we can better compete in the retirement services market.

Our GLIR was developed in 2007 yet it continues to add value to our policy holders today. Take Francis Hicks who activated her lifetime income payment in 2013. Francis was a homemaker who shared a love for golf with her husband and friends. Her life was turned upside down when she unexpectedly became widowed, which required her to become the financial head of household and take control of the family finances. Not knowing where to turn, she asked a friend for direction. That friend, a public school teacher, referred her to an agent, Lori Bennett, an independent advisor, and the rest is her story—history for Francis.

“Everything was different for me without my husband. He was my bedrock, my soul mate. He took care of everything for me—including all the finances, the car stuff, etc.,” she explained.

“A friend recommended I talk to an agent named Lori. I am so glad I did. I purchased an annuity with a Guaranteed Lifetime Income Rider. It really allowed me to stop worrying so much about money and enjoy my life. I was able to maintain my lifestyle and continue playing golf with the ladies.”

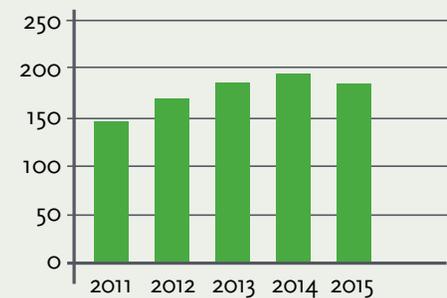
Her husband passing was not the end of her misfortune. Within a year, Francis suffered a couple of medical events that limited her activities substantially. Due to the changes in her health, her expenses increased, and she was worried about how it would impact her financially. Working with Lori and she was able to increase her income payments by activating the enhanced benefit feature of her annuity policy to assist with these additional expenses. Francis' story is a true testament of the enhanced benefit on the GLIR Rider. The extra income has made all the difference in the world in her quality of life.

<sup>1</sup> Recordkeeping and investment advisory services and mutual fund offerings provided in connection with the Balanced Opportunities platform are offered by providers who are independent of and unaffiliated with National Life Group.

**Mutual Funds are sold by prospectus. For more complete information, please request a prospectus from your registered representative. Please read it and consider carefully a Fund's objectives, risks, charges and expenses before you invest or send money. The prospectus contains this and other information about the investment company.**

<sup>2</sup> The Guaranteed Lifetime Income Rider (GLIR), as represented in rider form number 7995, is a rider that can be added to an annuity policy at issue and is available on fixed indexed annuities issued by Life Insurance Company of the Southwest. Electing this rider is optional and incurs an additional cost. GLIR may not be available in all states. Guarantees are dependent on the claims-paying ability of the issuing company. The enhanced benefit on the GLIR is activated in the event of certain qualifying medical conditions.

TOTAL ANNUITY SALES IN MILLIONS



When asked how the annuity with the Guaranteed Lifetime Income Rider changed things for her, Ms. Hicks replied:

*“It really allowed me to stop worrying so much about money and enjoy my life.”*

Coach Mike McEachern dropped to his knees when he learned he was a finalist in our LifeChanger of the Year program and that he would travel to Maui to attend the awards ceremony. After winning the grand prize, he wrote to the program leader: *“I was flabbergasted at how warm and inviting the employees of the company were to my wife and I before, during and after the banquet. When you were talking about just how important the company was to you and how high their morals, values, and ethics are second to none, I thought ‘here we go.’ You were true to your word, they really are genuine in all of their concerns and idealistic way of operating.”*



Coach Mike McEachern

We've always prided ourselves on breaking the mold in terms of what people might think of financial services companies.

# The Ties That Bind

**National Life Group is closely** tied to the communities in which it has offices and where our employees live. We know as a company, we provide a positive economic impact. We respect that our communities in turn support our employees and our neighbors with good schools, critical services, and recreational opportunities.

That's why we love to give back through the National Life Group Foundation, corporate sponsorships, our LifeChanger of the Year program, and of course, our Do Good Fest.

In 2015 we donated \$750,000 through our Foundation to non-profits located primarily in Vermont and the Dallas, Texas area. The size of the grants we gave in 2015 increased to an average of \$4191. Our employees also gave back to their favorite non-profits through our Community Giving Campaign in which we match their donations through the Foundation.

In addition to money, we also donated time, exceeding 4000 volunteer hours for the first time.

*“The fact that I was nominated for the LifeChanger of the Year award is enough to make my lifetime.” – 2014-2015 Nominee, Misty Gatlin, Texas*

Our LifeChanger of the Year program also reached new heights. This program which recognizes and rewards school employees grew by 38%. We received nominations from all 50 states and experienced 83% growth in the number of school districts.

The top two LifeChanger finalists were Kristi Kicklighter from Hendersonville, North Carolina, Andrea Appleman from Ada, Oklahoma and our grand prize winner was Mike McEachern from Huffman, Texas. “Coach Mac” exemplifies what it means to dedicating yourself to helping others and genuinely making a difference in the lives of students. See his inspiring acceptance speech on our YouTube channel.

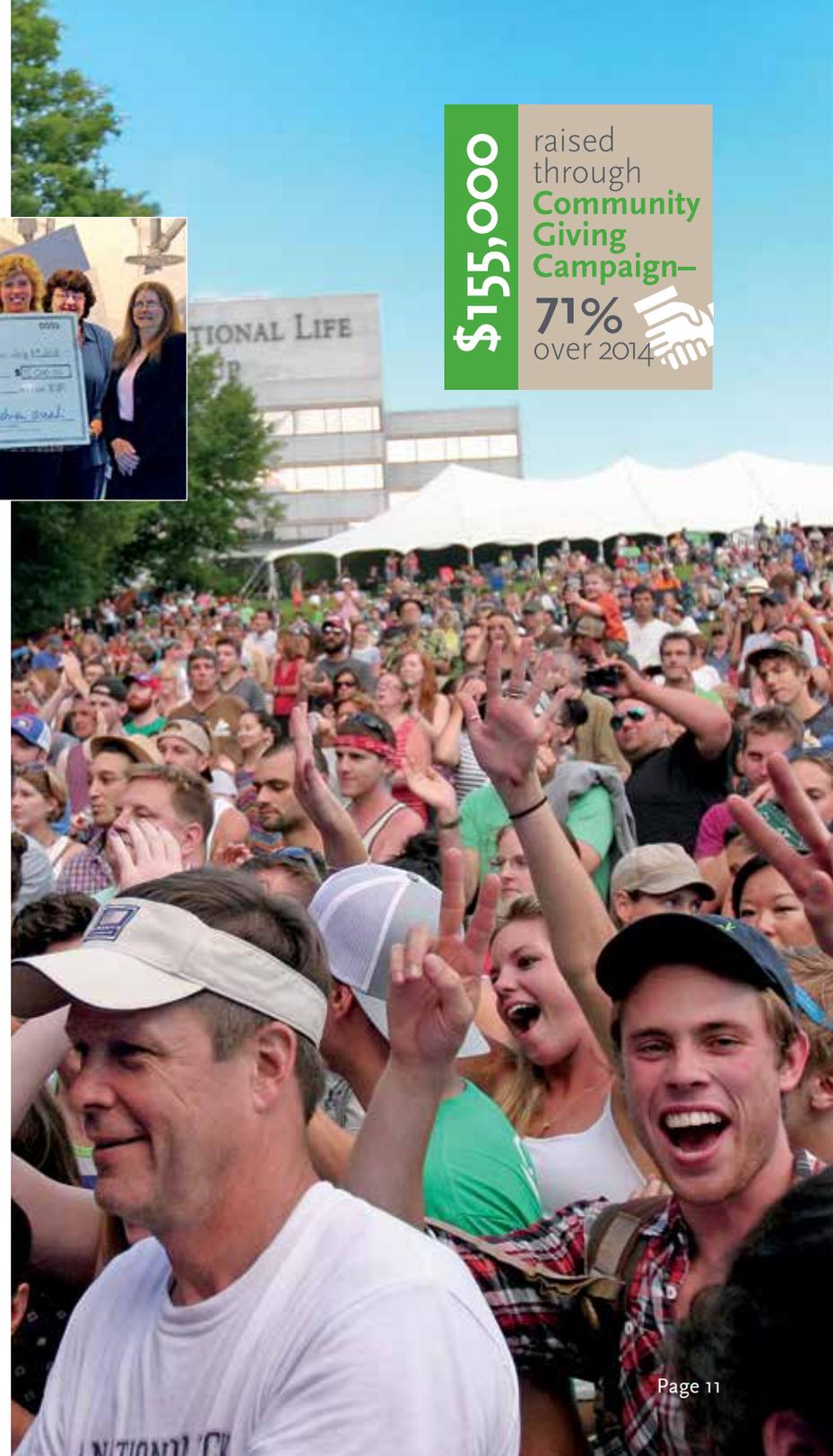
We've always prided ourselves on breaking the mold in terms of what people might think of financial services companies. One way we do that is through our Do Good Fest.

Held on the back lawn of our corporate headquarters, our second annual Do Good Fest took place in July. This music festival drew more than 3,000 people who enjoyed national recording artists O.A.R, The Alternate Routes, Panama Wedding, and local musicians Patty Casey and Colin McCaffrey. The Fest raised \$15,000 for Branches of Hope, a non-profit that supports cancer patients and attendees had the opportunity to learn about 21 local non-profits and the good they do.



*Crowds enjoy the Do Good Fest on our back lawn in Montpelier.*

**\$155,000** raised through **Community Giving Campaign—**  
**71%** over 2014 





Our commitment to keeping our promises begins right here at home, in our headquarters in Montpelier, Vermont.

# Board of Directors

## **Thomas H. MacLeay**

Chairman  
National Life Group  
Montpelier, Vermont

## **Mehran Assadi**

President & Chief Executive Officer  
National Life Group  
Montpelier, Vermont

## **David R. Coates**

Retired Partner, KPMG  
Colchester, Vermont

## **James H. Douglas**

Former Governor of Vermont  
Middlebury, Vermont

## **Bruce M. Lisman**

Retired, JP Morgan Chase  
New York, New York

## **V. Louise McCarren**

Former Chief Executive Officer  
Western Electricity Coordinating  
Council  
Salt Lake City, Utah

## **Roger B. Porter**

IBM Professor of Business  
& Government  
Harvard University  
Cambridge, Massachusetts

## **E. Miles Prentice, III**

Partner, Eaton & Van Winkle  
New York, New York

## **Harris H. Simmons**

Chairman, Chief Executive Officer  
& President  
Zions Bancorporation  
& Chairman  
Zions First National Bank  
Salt Lake City, Utah



*Standing left to right: Harris Simmons, Roger Porter, James Douglas, Bruce Lisman, Miles Prentice.  
Seated: David Coates, Mehran Assadi, Thomas MacLeay, Louise McCarren.*

**CONSOLIDATED BALANCE SHEETS**

As of December 31,

(in thousands)	2015	2014
<b>Assets:</b>		
Cash and investments:		
Available-for-sale debt securities	\$ 17,111,699	\$ 16,879,781
Available-for-sale equity securities	60,916	25,938
Trading equity securities	14,505	14,890
Mortgage loans	2,686,711	2,331,749
Policy loans	823,456	808,598
Real estate investments	44,667	54,041
Derivatives	299,941	677,169
Other invested assets	631,439	511,624
Short term investments	244,043	270,320
Cash and restricted cash	141,168	258,452
<b>Total cash and investments</b>	<b>22,058,545</b>	<b>21,832,562</b>
Deferred policy acquisition costs	1,295,231	951,160
Accrued investment income	199,025	184,877
Premiums and fees receivable	19,685	19,422
Federal income tax recoverable	-	12,863
Amounts recoverable from reinsurers	135,208	126,013
Present value of future profits of insurance acquired	9,751	13,236
Property and equipment, net	169,978	144,304
Corporate owned life insurance	268,115	245,025
Other assets	124,930	116,495
Separate account assets	714,621	771,669
<b>Total assets</b>	<b>\$ 24,995,089</b>	<b>\$ 24,417,626</b>
<b>Liabilities:</b>		
Policy liabilities:		
Policy benefit liabilities	\$ 4,509,427	\$ 4,572,292
Policyholder account liabilities	15,760,710	14,358,653
Policyholders' deposits	85,591	82,482
Policy claims payable	61,567	61,405
Policyholders' dividends	154,114	246,145
<b>Total policy liabilities</b>	<b>20,571,409</b>	<b>19,320,977</b>
Amounts payable to reinsurers	26,305	38,853
Derivatives	139,507	358,905
Other liabilities and accrued expenses	438,724	551,343
Pension and other post-retirement benefit obligations	225,680	252,801
Deferred income taxes	150,541	251,922
Federal income tax payable	576	-
Debt	457,743	467,381
Separate account liabilities	714,621	771,669
<b>Total liabilities</b>	<b>\$ 22,725,106</b>	<b>\$ 22,013,851</b>
<b>Stockholder's Equity:</b>		
Class A common stock, 2,000 shares authorized, no shares issued and outstanding	\$ -	\$ -
Class B common stock, par value of \$0.01, 1,001 shares authorized, 100 shares issued and outstanding	-	-
Preferred stock, 500 shares authorized, no shares issued and outstanding	-	-
Retained earnings	2,243,408	2,134,104
Accumulated other comprehensive income	26,575	269,671
<b>Total stockholder's equity</b>	<b>\$ 2,269,983</b>	<b>\$ 2,403,775</b>
<b>Total liabilities and stockholder's equity</b>	<b>\$ 24,995,089</b>	<b>\$ 24,417,626</b>

**CONSOLIDATED STATEMENTS  
OF OPERATIONS**

For the years ended December 31,

	2015	2014	2013
<b>Revenues:</b>			
Insurance premiums	\$ 227,547	\$ 231,629	\$ 256,567
Policy and contract charges	445,899	396,358	346,338
Mutual fund commissions and fee income	100,826	107,321	109,839
Net investment income	925,208	1,186,100	1,297,458
Net realized investment (losses) gains	[8,581]	24,685	[4,743]
Change in value of trading equity securities	[1,130]	[1,029]	2,360
Other income	16,661	15,359	15,194
<b>Total revenues</b>	<b>1,706,430</b>	<b>1,960,423</b>	<b>2,023,013</b>
<b>Benefits and Expenses:</b>			
Decrease in policy liabilities	[1,720]	[50,994]	[11,834]
Policy benefits	440,896	512,671	457,809
Policyholders' dividends and dividend obligations	64,289	83,413	79,424
Interest credited to policyholder account liabilities	427,754	564,687	743,522
Operating expenses	274,790	264,332	243,260
Interest expense	40,149	41,434	41,610
Policy acquisition expenses and amortization of present value of future profits, net	309,024	338,696	269,997
<b>Total benefits and expenses</b>	<b>1,555,182</b>	<b>1,754,239</b>	<b>1,823,788</b>
<b>Income before income taxes</b>	<b>151,248</b>	<b>206,184</b>	<b>199,225</b>
Income tax expense	41,944	61,866	56,780
<b>Net income</b>	<b>\$ 109,304</b>	<b>\$ 144,318</b>	<b>\$ 142,445</b>



This annual report summary of National Life Group includes the consolidated results of NLV Financial Corporation and Subsidiaries, including Life Insurance Company of the Southwest, National Life Insurance Company, Sentinel Investments, and Equity Services, Inc. To obtain a full version of the audited financial statements of NLV Financial Corporation and Subsidiaries, please send an e-mail to [orderforms@nationallife.com](mailto:orderforms@nationallife.com) or call our toll free number at (800) 732-8939. You can also visit our website and download a pdf version online at [www.NationalLife.com](http://www.NationalLife.com).

◀ *Our employees participate in the Harpoon Point to Point presented by National Life Group. This year's ride raised over \$197,000 for the Vermont Foodbank.*

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**PHOTOGRAPHY:** Richard Howard, Ross Sneyd, Toby Talbot, Jacob Lund, Allison Timmons, and Mallorie Manosh.



*One of the nonprofits we support is the North Texas Foodbank with monetary and volunteer donations.*



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