

## THE POWER OF M

### LEADING THE WAY IN THE HIGH NET WORTH AND CORPORATE MARKETS SINCE 1978

M Financial Group is a national financial services design and distribution company, serving high net worth individuals and *Fortune 1000* companies through a network of independent firms.

- M Financial was founded in 1978 on the principle that since the insurance pricing fundamentals (i.e., lifestyles, buying habits, and mortality experience) of high net worth individuals (i.e., Member Firm clients) are more favorable than those of the mass population, Member Firm clients should receive better insurance pricing. Today, based on its highly credible experience database, which spans more than four decades, M Financial's exclusive products reflect this superior experience and pass it on to M Member Firm clients through lower product charges.

M Financial began with 13 M Member Firms—today there are over 130 M Member Firms in 37 states and the United Kingdom, with more than 590 insurance advisors. M Member Firms are stockholders in M Financial Group; however, they are free to select products and services that best meet the needs of their clients.

All M Member Firms have seasoned professional staffs who apply proven “best practices” to serve the best interests of their clients.

### CLIENT ADVOCACY

**M Financial's top priority is serving the interests of clients**—this commitment guides all M Financial's initiatives. Its team of over 270 professionals is dedicated to supporting Member Firms as they serve their clients. The team includes individuals specializing in product development/management, sales support, underwriting, finance, reinsurance, human resources, technology and communications. Member Firms also have access to the expertise of 17 full-time actuaries.

**M Financial's commitment to due care and in-force management is notable.** M Financial continuously monitors the service, experience, and performance of in-force business to ensure exclusive products continue to be effective, from both a performance and cost perspective.

- M's due care is designed to help clients better understand the factors involved in selecting a life insurance policy; more informed decisions lead to more rewarding choices.
- M's in-force management is based on the belief that performance and cost should be measured over the life of the policy, not with an initial illustration or first-year premium; this commitment to preserving the effectiveness and efficiency of M exclusive products has resulted in 54 re-pricings for both new and in-force policies.
- Since 1996, upwards of \$200 million of cost reductions have been passed along to M Member Firm clients.

If you wish to prosper, let your customer prosper.

— Frederick Bastiat,

19th century French economist

M Financial is an active leader in preserving the ability of M Member Firm clients to plan for the future with effectiveness and certainty.

- Thirteen M Member Firm Principals have served as president of Finseca (formerly called AALU); currently, there are three on the Finseca board.
- M Financial is the only producer organization, through its M Life Insurance Company unit, that is an active member of the American Council of Life Insurers (ACLI).

### COLLECTIVE STRENGTH

While there is great value in the independence of Member Firms, clients also benefit from the collective strength, expertise, and influence of M Financial's Member Firms.

M Member Firms represent some of the best minds in the industry and collaborate continuously to develop new and innovative ways to better serve their clients; this pool of intellectual capital makes a powerful difference for clients.

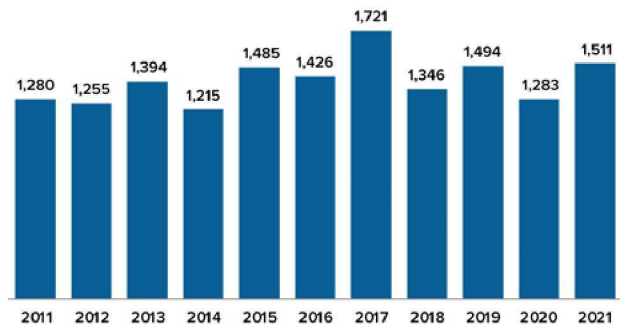
Clients also benefit from M Financial's stature in the insurance industry.

**With sales growing at a compound annual growth rate of 15.5% since 1978, approximately \$186 billion of face amount in force, and \$44 billion of cash value, M Financial has the ability to negotiate effectively with carriers.**

The aggregation of superior mortality experience facilitates M Financial's successful reinsurance operation and the development of institutionally-priced exclusive products.

With the focused deployment of capital and leveraging economies of scale, M Financial can efficiently create systems and support resources, which are tailored to the needs of Member Firms and their clients.

### M Financial Total Sales (Millions)



Includes life insurance, annuities, 401(k) and disability

### CAPITAL

M Financial is the only distribution system that invests its own capital in the business placed by its member firms. Through M Financial Re, **M Financial invests upwards of \$50 million a year** in the high-quality business placed by M Member Firms. Reinsurance provides access to carrier pricing assumptions, which allows M Financial to effectively track experience, while monitoring changes in policyholder interests.

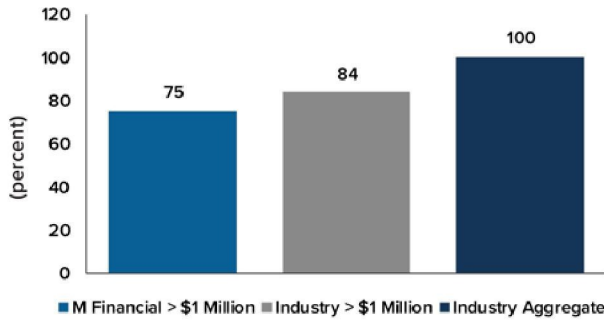
Sharing risk with Carriers also aligns the interests of M Financial and its Carrier Partners, which facilitates the development—and ongoing management—of superior performing products. M Financial Re represents \$75 billion in face amount assumed and \$15 billion of cash value assumed. M Financial Re's scale, together with M Financial's superior mortality, persistency, average face amount, and expense experience, creates significant benefits for M Member Firms and their clients.

### INNOVATION: M EXCLUSIVE PRODUCTS

Exclusive products are a significant component of M Financial's success. Available exclusively through M Member Firms, M exclusive products are designed and priced using M Financial's unique **mortality, persistency, and face amount experience.**

**M Mortality Experience** (actual death claims), is 10% less than the industry high net worth segment (face amounts greater than \$1 million), which lowers cost of insurance charges for M exclusive life products.

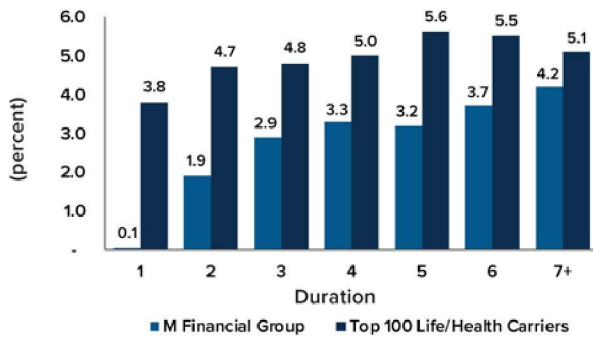
## Individually Underwritten Mortality Experience



Source: Society of Actuaries Individual Life Experience Report (2018) and M Financial Group (Observation years 2003–2019).

**M Lapse Experience** In early durations 1–10, M’s lapse experience is 37% lower than the industry average. This provides a longer time horizon for Partner Carriers to recoup initial expenses, which drives lower ongoing policy charges for M exclusive life products.

## Premium Lapse Rate

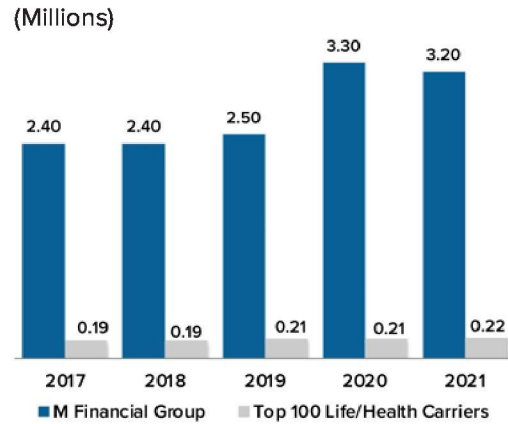


Source: Society of Actuaries: Lapse/Surrender and Premium Persistency Experience for Flexible Premium Universal Life Products (September 2018), and M Financial Group (Observation years 2003–2019).

**Madison & Main Advisors, LLC**  
**(908) 663-1001**  
**madisonmainadvisors.com**

**M Average Face Amount** is over 12 times that of the industry, providing economies of scale which lower policy charges for M exclusive life products.

## Average Face Amount



Source: A.M. Best Company Best’s Statement File (2021) and M Financial Group.

Top 100 Life/Health Carriers. Based on ordinary life face amount issued. Reports indicated are the most recent reports available from each source.

M exclusive products deliver access to institutional money managers and are reinsured by M Financial Re.

## CARRIER RELATIONSHIPS: STRONG PARTNERSHIPS, STRONG RESULTS

- Commitment of senior management
- Differentiated, soundly priced, competitive products
- Dedicated resources
- Open communications
- Reinsurance
- Equitable treatment of in-force policies
- Alignment of strategic direction



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M Financial Group | 1125 NW Couch Street, Suite 900 | Portland, OR 97209 | 503.238.1813 | fax 503.238.1815 | mfin.com