



Security Benefit

Kansas Senate

Financial Institutions Committee

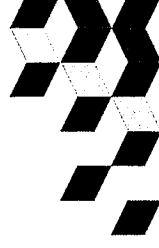


A GUGGENHEIM PARTNERS COMPANY

Who We Are: Security Benefit

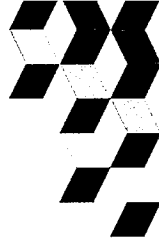


- Security Benefit: A Topeka company for over 120 years
 - Began in 1892 with 11 men and \$11
 - Expanded coverage in WWII for service members
 - Evolved from a fraternal society to a mutual life insurance company
 - Transitioned from mutual holding company to privately owned by Guggenheim led investor group in 2010
- Continued growth and expansion in retirement services
 - 5th largest provider of retirement plans in the K-12 Education Market
 - 3rd largest provider of fixed indexed annuities (FIAs) in 3Q12
 - #1 and #2 best-selling FIAs in 3Q12
- Close working relationship with the Kansas Insurance Department, constant communication, frequent face-to-face meetings



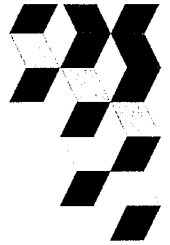
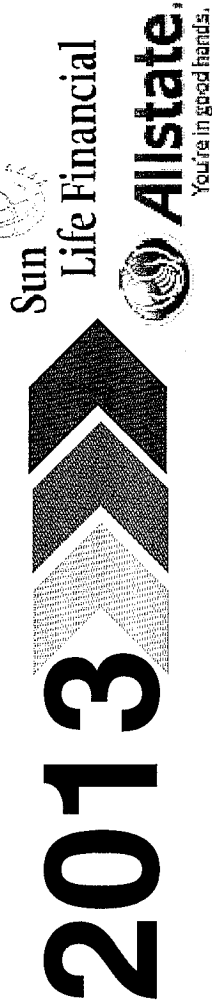
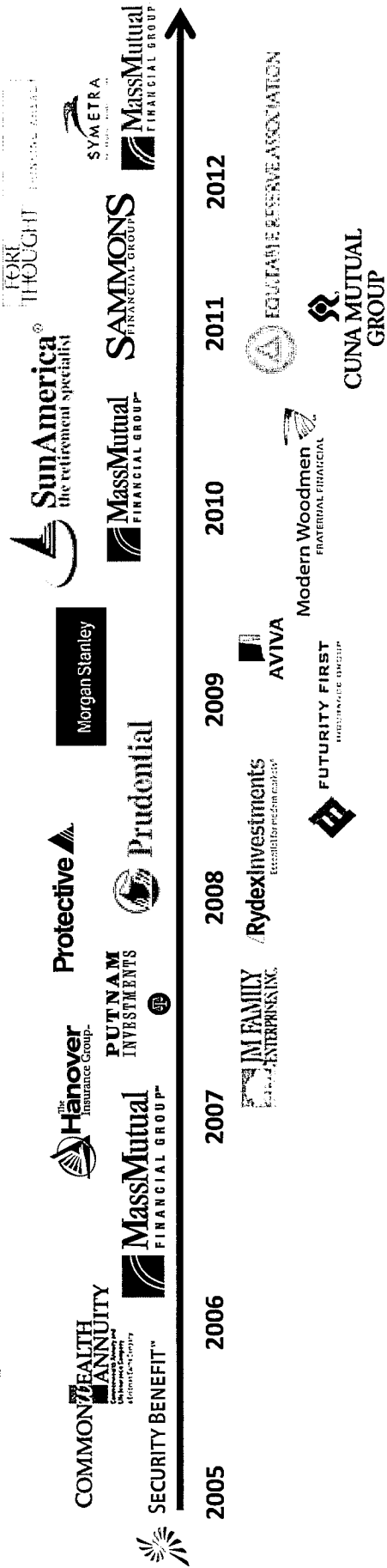
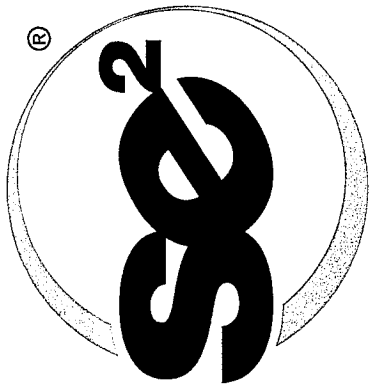
Who We Are: se²

- se²: “Service end-to-end”
- Successful third-party administration and business processor
 - Invested significantly in technology
 - Serving major clients around the country
 - Key partner and provider for Security Benefit
 - Grew organically from Security Benefit
- Turned a cost center into a profit center and lowered SB cost to administer business with continued expansion of services and clients
- Untapped opportunities
 - Annuity and life insurance market at the infancy of administrative outsourcing – where mutual fund industry was 20 years ago
 - Critical mass is important
 - Providers need efficient and knowledgeable solutions providers





World-class service provider to
the life and annuity industry



Guggenheim Partners

- Privately held global financial services firm
- Security Benefit is owned by a private investor group, led by the controlling partner, Guggenheim Partners
- Growing insurance presence domiciled in several states with Security Benefit as the model for expansion
- Benefits to our organization:
 - Guggenheim Partners is a world-class fixed income manager and runs our general account
 - Tremendous capital support for growth and expansion
 - Major long-term investment in our Topeka business





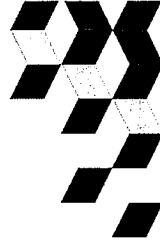
Guggenheim's Fixed Income Expertise

- Accolades for Guggenheim Partners
 - Ranked in the top 2% of all major fixed income categories
 - Named “Manager of the Decade” (2000-2010) for CLOs and Bank Loans by Citibank
 - Named 2011 “Best US CLO Manager” by Creditflux
 - Winner of Industry Innovation Award in the US Fixed-Income division by aiCLO magazine (PIMCO was the previous winner)



What We Do: Security Benefit

- Focused on retirement services
 - Group products: 401(k), 403(b), 457(b), etc.
 - Individual products: annuities – both IRA and non-qualified
 - Distribution through independent advisors, registered representatives, and insurance agents in communities across the country
- Wealth accumulation / wealth distribution – no traditional life, health, etc.
- We offer our customers:
 - Effective retirement planning vehicles
 - A guaranteed stream of retirement income you cannot outlive
 - Benefits of tax-deferral in retirement savings
 - Midwestern values and personal service
 - Personal financial advice from their local independent advisor



Impressive Growth

- Sales more than doubled each of last two years
 - 2012: \$4.5 billion 2011: \$2.1 billion 2010: <\$1.0 billion
 - Top 2 fixed indexed annuities in entire industry in 3Q12
 - Biggest distribution partner is also a Topeka-based company
- Solid profits in 2012 – growth in both top and bottom line
- Growing headcount in Topeka consistently over the past few years
 - 721 employees (2012)
 - 30% growth in headcount from 2010 to 2012
 - Projected growth of 10%+ in 2013 to over 800
- Great opportunity for continued growth in the future for a retirement focused company with appetite and access to capital



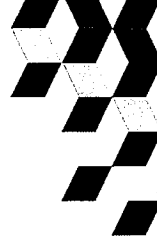
State of the Industry

- Demand is up and increasing
 - Favorable demographics
 - Continued transition from defined benefit to defined contribution plans
 - Market volatility with two “black swan” events in last decade plus
 - Life expectancy increasing leading to more time in retirement
- Supply is down / guarantees are more challenging
 - Variable annuity living benefit “hangover”
 - Historically low interest rates
 - Foreign-owned insurance companies retreating from U.S.
 - Regulation expanding



Legislative Issues

- Defined benefit vs. defined contribution for public employees
 - One of SB's main focuses is on supplemental defined contribution plans for K-12 teachers
 - Need the supplemental retirement savings / investing market to thrive
 - SB believes local choice, financial advice from professionals, and the free market are extremely important and key to growing participation
- Holding Company Act
 - Needed to keep Kansas Insurance Department accredited
- Federal tax discussion



Summary

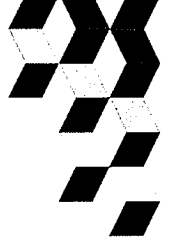
- Successful Kansas Company
 - Expanded to broad retirement mandate in past few years
 - Top two fixed-indexed annuities in industry in 3Q12
 - Crown jewel in Guggenheim’s growing insurance company businesses (owned by Guggenheim led investor group)
- Retirement focused business
 - Annuities and retirement plans
 - Right place to focus due to increasing demand and limited supply
- Great growth trajectory and momentum over past few years
 - Doubled sales each of last two years
 - Significant headcount increases likely to continue in Topeka home office





Thank You

Questions



A GUGGENHEIM PARTNERS COMPANY

Appendix - Bio

Doug Wolff
President, Security Benefit Life

Mr. Wolff oversees product development, pricing and operations of Security Benefit Life, First Security Benefit Life of New York, and Security Financial Resources. He brings 25 years of experience in investments, financial consulting, actuarial pricing, product development, marketing, and strategy formulation to his role.

Prior to joining Security Benefit in 2001, Mr. Wolff worked at Allstate Life Insurance Company where he held various product development and investment oriented roles. He began his career as an actuary with Ernst & Young in Chicago.

Mr. Wolff earned his Bachelor's of Science in Finance from the University of Illinois, where he graduated with honors. Mr. Wolff is a Chartered Financial Analyst and a Fellow in the Society of Actuaries. He is a Member of the Association of Investment Management and Research, a Member of the Investment Analysts Society of Kansas City, and a Member of the American Academy of Actuaries. Mr. Wolff recently finished serving two terms as a Governor Appointed Trustee for the Kansas Public Employees Retirement System.

