



Cultivating a Remarkable Tomorrow

This issue of *The Benefit News* includes the financial statements of National Mutual Benefit for the 2009 fiscal year. I am proud to tell all of our members that even though 2008–2009 was one of the most volatile investment periods in the history of our country, National Mutual Benefit has performed well and continues to be financially strong and secure. In fact, the total assets of the Society have grown in 2009 to a new all-time high, while our surplus has remained stable. Considering the economic conditions, these are very favorable indicators.

As we move forward, rest assured that the management of NMB will always keep the best interests of our members at the forefront of our decision making processes. We are very proud of our mission as a fraternal benefit society to provide for the fraternal and financial needs of our members.

Best regards always,

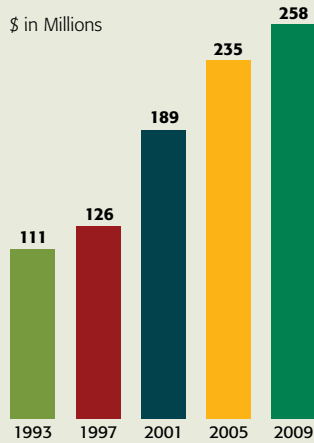
George F. Yanna

President/CEO

Financial Highlights

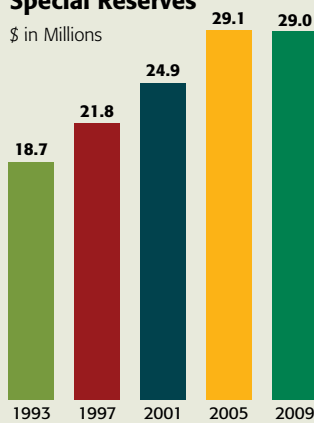
Assets

\$ in Millions



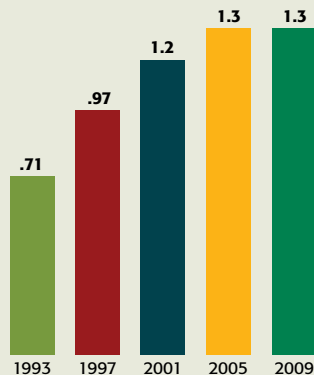
Surplus and Special Reserves

\$ in Millions



Life Insurance In Force

\$ in Billions



Statement of Financial Position

	12/31/09	12/31/08
ASSETS		
Bonds	\$174,181,462	\$170,245,009
Mortgage loans	44,763,890	39,030,967
Real estate	1,122,676	1,178,929
Policy loans	4,516,675	4,405,829
Common stock	11,239,630	8,137,755
Preferred stock	595,053	751,593
Cash and short term investments	4,114,170	7,001,563
Other invested assets	13,726,815	13,792,442
Investment income due and accrued	3,221,797	3,158,929
Data processing equipment	24,015	54,367
Premiums and reinsurance due and accrued	<u>690,922</u>	<u>599,482</u>
Total assets	\$258,197,105	\$248,356,865
LIABILITIES AND SURPLUS		
Future benefit reserves	\$212,440,253	\$204,007,034
Policy claim reserves	640,802	1,377,839
Premiums received in advance	19,774	18,774
Deposit contracts	9,663,583	9,925,161
Dividends allocated for following year	493,542	475,250
Other liabilities	5,165,183	4,804,413
Taxes and general expenses due	751,310	761,108
Surplus and special reserves	<u>29,022,658</u>	<u>26,987,286</u>
Total liabilities and unassigned funds	\$258,197,105	\$248,356,865

Statement of Operations

INCOME	2009	2008
Life and health premium	\$10,389,821	\$10,859,980
Annuity premium	9,360,861	8,736,452
Investment income	14,212,333	14,594,505
Miscellaneous income	<u>402,237</u>	<u>553,786</u>
Total income	\$34,365,252	\$34,744,723
MEMBER BENEFITS		
Death benefits	\$ 3,691,845	\$ 4,055,710
Life and annuity benefits	12,351,010	12,526,776
Health and accident benefits	127,049	96,989
Direct fraternal benefits to members	928,681	952,518
Future benefit reserve increases	8,433,219	7,413,827
OPERATING EXPENSES		
Commissions	\$ 1,079,832	\$ 1,185,946
Operating expenses	<u>7,062,133</u>	<u>6,574,564</u>
Total benefits and expenses	\$33,673,769	\$32,806,330
Net gain from operations	\$691,483	\$1,938,393
Dividends to members	<u>491,051</u>	<u>461,421</u>
Net gain after dividends	200,432	1,476,972
Capital gains (losses)	<u>(3,078,523)</u>	<u>(3,021,422)</u>
Net income (loss)	(\$2,878,091)	(\$1,544,450)

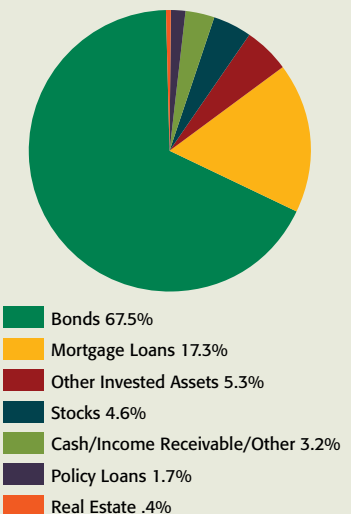
Investment Report

National Mutual Benefit's investment portfolio is a diversified mix of government and high grade corporate bonds, collateralized mortgage obligations, well-secured real estate mortgages, and a small portfolio of equity products. Mortgages consist of first liens on single-family residential and small commercial properties. In order to provide a strong, secure investment portfolio, only mortgages with a maximum 75 percent loan-to-value ratio are made by the Society.

As of December 31, 2009, the bond and mortgage portfolio totaled \$174,181,462 and \$44,763,890, respectively. More than 80 percent of our bond portfolio (\$142.2 million) is in the highest rating class, according to the latest NAIC valuation. We do not purchase non-investment grade bonds. The Society owned \$11,239,630 in stocks as of year-end 2009.

Our Investment Portfolio

Total Assets: \$258,197,105



Fraternal Service

Through the programs of National Mutual Benefit’s fraternal chapters, called branches, NMB member volunteers have experienced what it truly means to help others. Thousands of people have seen the impact that a dedicated group of NMB volunteers can make on a community. Members have given their time and displayed their talents by volunteering through NMB’s fraternal programs. We commend them on their 2009 accomplishments in the areas below.



CHARITABLE AND COMMUNITY ACTIVITIES

Branch members organize service projects to assist individuals and families in need of basic necessities or financial support, to improve their neighborhood, or to help charitable organizations raise money through fundraising partnerships.

Volunteer Hours: 66,596 **Financial Impact:** \$689,284



EDUCATIONAL PROGRAMS FOR YOUTH AND ADULTS

Branch leaders and their families attend annual leadership training seminars, sponsor scholarship programs for members and children of members, and partner with local youth groups for JOIN HANDS DAY, a national day of service teaching young people how to organize and execute community service projects.

Volunteer Hours: 19,367 **Financial Impact:** \$121,643

FAMILY

Local branches organize activities that bring families together and promote positive family life. *The Benefit News* member magazine features timely articles on family matters, finances, and health.

Volunteer Hours: 10,979 **Financial Impact:** \$126,132



AMERICAN FLAG DONATIONS AND PATRIOTIC PROGRAMS

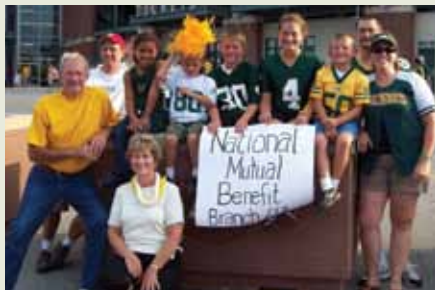
Branch members promote respect for America and the flag by donating U.S. flags to youth groups and nonprofit organizations, and holding observances on or near Flag Day (June 14).

Volunteer Hours: 1,830 **Financial Impact:** \$4,395

SPECIAL FRATERNAL BONUS PROGRAM

National Mutual Benefit provides families with added security through the Disaster, Disease, Orphan Income and Orphan Scholarships, and National Volunteer Scholarship Benefits. Read about each of these benefits on page 8.

Financial Impact: \$52,727



FRATERNAL SERVICES SUPPORT

National Mutual Benefit provides human and material resources to implement and oversee its fraternal programs, benefits, and services.

Financial Impact: \$99,385

Total Volunteer Hours 98,772
Total Fraternal Expenditures \$1,093,566