

June 16, 2009

Dear Beneficial Policyholder [Policyholder Name]:

As part of the Beneficial family, we want to make you aware of some changes taking place at Beneficial Financial Group. Following significant analysis and careful consideration, we have decided to discontinue issuing new life insurance policies and annuities and will, as a result, no longer accept applications for new life insurance and annuities products as of August 31, 2009.

Why are you discontinuing the sale of new policies?

Allow me to explain how we arrived at this difficult decision, as well as what we will be doing to assist our employees and our agents during this transition.

For over a century, Beneficial has pursued the noble goal of helping individuals and families financially realize their hopes and dreams and render assistance when it is most needed. We were founded in direct response to Heber J. Grant's recognition of a community's responsibility to protect its widows and orphans. At the time of our founding we fulfilled a need that was not being met in the Intermountain West. Since that time, global and national competitors have entered the marketplace with a much broader range of products.

As a result, our business today is at a crossroads. Despite our ability to deliver strong operating results over the past several years, Beneficial's relatively small size puts the company at a competitive disadvantage compared to these larger insurers with their broader array of products. Consequently, Beneficial and Deseret Management Corporation (DMC) have concluded that there are other providers who can more efficiently meet the future needs of the current marketplace. In short, for Beneficial, the current market opportunity offers the prospect of limited future economic returns compared to the risks inherent in the business.

How will this affect me – the policyholder?

We are dedicated to the protection of you - our policyholders. The decision that we have made to discontinue new business will not negatively impact your policy. We will continue to meet all contractual commitments under existing insurance and annuity contracts and provide the same high quality service that customers have come to expect.

Through the commitment and continuing support of our parent, DMC, we remain strongly capitalized and fully able to meet our obligations. As of March 31, 2009, Beneficial holds statutory assets of \$3.4 billion, which includes \$445 million of adjusted capital and surplus. This means that for every \$1 of funds on deposit from policyholders, Beneficial holds an additional 15 cents of shareholder funds to cover claims. This amount is above and beyond industry averages. As a result, we remain financially strong and possess significant reserves should they be needed.

How will this affect my Agent?

We are working hard to provide a smooth transition for our agents. With the support of DMC and our home office distribution team, our field management group is in serious negotiations with several high quality and competitive insurance carriers to provide competitive products and services to meet your financial needs. Our field management group intends to have a letter of intent in place within 1-2 weeks and finalized terms shortly thereafter. We believe this will be of benefit to you as you continue to do business with the agents that have earned your trust over the years.

How will this impact Beneficial Employees?

Regretfully, this decision means that there are going to be job losses at the home office. We will work with employees in a spirit of fairness and integrity to assist them in transitioning their careers while minimizing hardship. We value the contribution made by each employee. We are anxious to do everything we can to help chart a course for future opportunities for those who will be impacted. I can assure you that Beneficial is reaching beyond current industry norms in providing assistance to employees affected by these changes.

Summary

Once again, please know that our decision to discontinue the issuance of new policies will have no impact on Beneficial's current policyholders. We will continue to honor our commitment to you and the policy contract that we have with you. We look forward to serving you in the future and hope to strengthen our relationship with you moving forward.

If you have questions about these changes, or about your policy, please feel free to contact your agent **[name of agent]** at **[agent phone #]**. You can also contact us directly at **1-800-833-4186** or visit our website at **www.beneficialfinancialgroup.com** where additional information can be found.

Thank you for the continued opportunity to serve you.

Sincerely,

Kent H. Cannon, FSA
President and CEO