



Sept. 3, 2024

The following are additional questions and answers from conversations with Delegates over the summer. These include questions not already addressed in the Frequently Asked Questions of our July *Our Catholic Journey* special edition (on pages 6 and 7).

## FINANCIAL STRENGTH

### Is this merger necessary?

Catholic United Financial is financially strong and well-positioned to meet all commitments to our Members in their insurance and annuity contracts. This merger is not driven out of necessity, but rather by the clear and enormous advantages it would bring to our Members — including Trusted Fraternal Life’s exceptional financial strength “A” rating by the independent global rating agency, Kroll Bond Rating Agency

### Why now?

Joining with the newly established Trusted Fraternal Life now gives us the opportunity to take an active role in building the family of fraternal brands model. The immediate opportunities we have to propel product and distribution expansion together make this the right time for us to become a member of this family.

## EXPANDED PRODUCTS AND SERVICES AFTER THE MERGER

### What kinds of new or better products may Members have access to?

One of the opportunities of joining Trusted Fraternal Life is access to new products with enhanced protection features. We expect to spend time during an integration period to determine which features and how best to add new products to our lineup for Member Advisors to use in protecting prospective and existing Members.

### How many states would Catholic United Financial be licensed in?

Catholic United Financial is licensed to do business in 13 states, all of which would be assumed by Trusted Fraternal Life as the surviving society of the merger. Trusted Fraternal Life has certificates of authority to do business in 49 states and the District of Columbia.

### Would this merger help recruit Member Advisors and bring new Members to us?

The prospect of new products, expanded services, enhanced financial strength, and access to Catholic communities in states not currently served by Catholic United Financial would bring opportunities to recruit Member Advisors and spur membership growth. This is one of the most compelling reasons to pursue this merger.

## MAINTAINING OUR CATHOLIC IDENTITY AFTER THE MERGER

### Would our Catholic identity be diminished?

The logo of Catholic United Financial would continue as a brand of the fraternal family of brands and continue to focus on providing financial products and services to Catholics and supporting Catholic parishes, schools, and causes our Members are passionate about. The merger would not change our focus on serving the Catholic community.

### Would our Catholic investment policy be assured?

Catholic United Financial assets would continue to be invested consistent with the United States Conference of Catholic Bishops investing guidelines. These include protecting human life, promoting human dignity and economic justice, promoting the common good, and protecting our global common home.

### Would *Our Catholic Journey* magazine still be published?

*Our Catholic Journey* magazine has been a critical part of communicating with Members for decades and would continue to be published to highlight and promote the Catholic United Financial brand. This is consistent with Trusted Fraternal Life’s current practice of sharing *Radiant Life* magazine with the members of the Catholic Financial Life brand.

### How many brands are in the Trusted Fraternal Life family of brands?

Trusted Fraternal Life officially welcomed Woman's Life Insurance Society of Port Huron, Michigan as the third member of their family of fraternal brands on September 1, 2024, joining the Catholic Financial Life and Degree of Honor brands. If the merger proposal is approved, Catholic United Financial would become the fourth brand to join the family.

### Could Trusted Fraternal Life merge with or be acquired by someone else?

Trusted Fraternal Life's Board of Directors may initiate and consummate a merger with a smaller fraternal benefit society by the vote of  $\frac{2}{3}$  of the Directors. Any merger with a fraternal that has assets greater than Trusted Fraternal Life shall also be approved by a majority vote of the adult Members of Trusted Fraternal Life in accordance with Member voting procedures prior to final approval of the Board of Directors.

## PROGRAM CONTINUITY AFTER THE MERGER

### Would the Catholic Schools Raffle continue?

The Catholic United Financial Raffle would continue to be annually evaluated by the leadership of the Catholic United Financial brand to assess its impact on the local communities we serve. Each year we have made adjustments to the Raffle as a result of this annual evaluation and would expect to continue this process into the future.

### Would the Member scholarship program continue?

Like all of our Member benefits and engagement programs, the Post-High School Tuition Scholarship benefit would be overseen by the Brand Advisory Board and the leadership of the Catholic United Financial brand, and operated by assigned staff.

### Would Member Engagement programs, activity allowance, and grant funding remain the same?

Councils and Parish Volunteer Teams would keep their Members, leaders, and assets. We would not make changes to the activity allowance structure in conjunction with the proposed merger. Starting in 2026, Councils and Parish Volunteer Teams would transition to the more generous Trusted Fraternal Life match plan with incremental additional match funds: \$2,000 in 2026; \$2,500 in 2027; and \$3,000 in 2028.

All programs are subject to change as we look at usage and effectiveness in both supporting our charitable works in the community and raising awareness about the products and services of Catholic United Financial. Brand Leaders would continue making adjustments to increase visibility of Catholic United Financial in local communities to highlight our impact, spur additional volunteers to get involved, and grow membership with the Catholic United Financial brand.

### Would the Council and Parish Volunteer Team Bylaws need to be changed?

The Bylaws of local Councils and Parish Volunteer

## What are the relative sizes of Catholic United Financial and Trusted Fraternal Life, separately and if combined?

Metric	Trusted Fraternal Life	Catholic United Financial	Combined
Members	141,000	72,200	213,200
Policies	163,000	91,000	254,000
Life Insurance In Force	\$5.948 billion	\$2.025 billion	\$7.973 billion
Assets	\$1.929 billion	\$999 million	\$2.928 billion
Total Adjusted Capital	\$170.8 million	\$35.1 million	\$205.9 million
Risk Based Capital Ratio	1142%	476%	924%
Employees	108	80	188



Teams would not be required to change due to the merger. Leaders of these local groups may elect to update their Bylaws to reflect the relationship with Trusted Fraternal Life when convenient.

#### **Would the fraternal Isidore system still be used?**

Council and Parish Volunteer Team leaders would continue to use our Isidore application. Since the Catholic Financial Life and Woman's Life brands of Trusted Fraternal Life also have volunteer chapters, we expect to evaluate the features of all systems used to gather data and may determine more effective and efficient tools to complete this essential work.

#### **Would the Credit Union still serve us?**

Trusted Fraternal Life would become the sponsoring organization for the Catholic United Financial Credit Union and it would continue to offer its products and services to Members.

#### **What would happen to the Foundation?**

Trusted Fraternal Life would become the sole member and sponsoring organization for Catholic United Financial Foundation and it would continue to offer its legacy planning services and charitable giving programs. As well, the Foundation's Monsignor Richard J. Schuler Fund, which extends grants to seminarians during their formation, would continue with oversight of the Foundation's Board of Directors as well as the guidance of the Schuler Fund's Advisory Board.

### **GOVERNANCE AFTER THE MERGER**

#### **Are the Trusted Fraternal Life Articles and Bylaws available for me to see?**

You can view corporate governance documentation for Trusted Fraternal Life at this website: [www.trustedfraternal.org/discoverftfl/corporategovernance](http://www.trustedfraternal.org/discoverftfl/corporategovernance)

#### **How would seats on the Trusted Fraternal Life Board allocated to Catholic United Financial be determined?**

Two members of Catholic United Financial's current

Board of Directors would be appointed to serve on the Trusted Fraternal Life Board of Directors in early 2025. These Directors' service is transitional until the next election of the Trusted Fraternal Life Board of Directors. This election will occur in 2027 for a three-year term from 2028-2030, and would include Members from all brands of Trusted Fraternal Life.

#### **How does the Brand Advisory Board work?**

A Brand Advisory Board consisting of Catholic United Financial Members would be appointed to advise the Trusted Fraternal Life President, John Borgen, and the Board of Directors about unique facets of the brand including its specific purpose, identity, expression, and Member experience. The Brand Advisory Board would be expected to meet 3-4 times annually and initially include the members of the Catholic United Financial Board of Directors who would not join the Trusted Fraternal Life Board.

#### **Would there still be a Delegate conference?**

A Triennial Conference would no longer be held exclusively for Catholic United Financial. Local leaders from our Councils and Volunteer Teams would be invited to attend Trusted Fraternal Life's Triennial Fraternal Meeting, the next of which is scheduled on September 19-21, 2025 in Milwaukee, Wisconsin.

### **OPERATIONS AFTER THE MERGER**

#### **What would happen to the Catholic United Financial home office and staff?**

Trusted Fraternal Life is committed to having an office in Minnesota until at least December 31, 2027, which may be maintained for much longer if it is deemed to be in the best interests of supporting the employees who serve the Catholic United Financial Members and grow the brand. Opportunities for employees to serve other brands in the Trusted Fraternal Life family would be determined during an integration period subsequent to approval of the merger proposal.