



CATHOLIC FINANCIAL LIFE'S  
2017 FINANCIAL &  
FRATERNAL REPORT



Catholic  
Financial Life®



DEGREE of HONOR  
A Division of Catholic Financial Life

# PRESIDENT'S MESSAGE



2017 was an important chapter in the Catholic Financial Life story as we merged the seventh organization into our fraternal family. We reported record financial results, growth in sales and significant community impact, making it one of the best years in our history.

We continued to build on our financial strength, ensuring we will be around for our members for generations to come. Net income rose to a record \$12.05 million after paying merger costs for Degree of Honor. This led to a record surplus of \$88 million and increased total adjusted capital to more than \$99 million.

**“We reported record financial results, growth in sales and significant community impact, making it one of the best years in our history.”**

Sales of life insurance grew 6.7 percent in 2017, outpacing the industry growth. This was fueled by strong growth in the Hispanic markets of greater Milwaukee and northern Illinois.

Of course, it's the impact that our members make in the community that differentiates us. With community outreach totaling more than \$1.9 million and 103,000 hours volunteered, these efforts benefited members, parishes, schools and hundreds of civic organizations across the country. These are accomplishments we can all be proud of!

Thank you for your loyalty, generosity and trust. We are honored to serve you and as always, will continue to keep each of you in our prayers.

Fraternally,

*Bill*

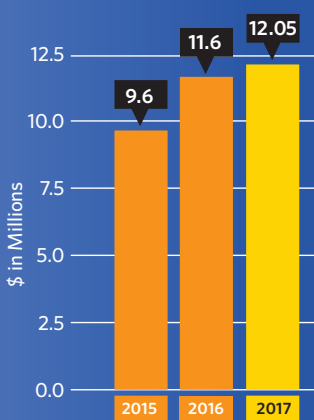
William R. O'Toole  
President & CEO

# FINANCIAL REPORT

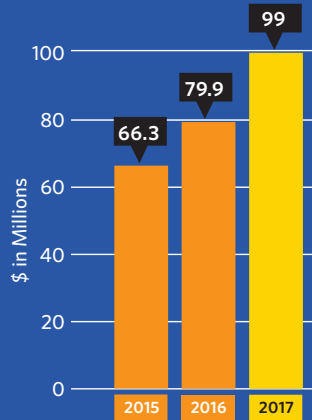
2017 was one of the best financial years for Catholic Financial Life. Net income and surplus grew significantly along with our life insurance sales. We remain committed to a conservative investment approach and maintaining the financial integrity of our Society for current and future members.

- Net income rose to \$12.05 million in 2017, up from \$11.6 million in 2016.
- Surplus increased from \$70.8 million to \$88 million, which included increased surplus from our merger with Degree of Honor.
- Total adjusted capital was more than \$99 million in 2017, up from \$79.9 million in 2016.
- Risk based capital (RBC) ratio increased to a **record-breaking 930 percent**, compared to 844 percent in 2016.
- Our persistency, a reflection of our members' loyalty and recognition of the value they receive, remains high at 96.76 percent.
- Kroll Bond Rating Agency assigned an insurance financial strength rating of A-.

**NET INCOME**  
(in millions)



**TOTAL ADJUSTED CAPITAL**  
(in millions)



# STATEMENT OF OPERATIONS

*As of December 31*

<b>Revenues</b>	<b>2017</b>
Life Insurance premiums	\$40,384,536
Annuity deposits	29,181,586
Other premiums and deposits	8,932,798
<b>Total Premiums Earned</b>	<b>\$78,498,920</b>
Investment revenue	73,763,171
Other revenues	250,547
<b>Total Revenues</b>	<b>\$152,512,638</b>
<b>Benefits and Expenses</b>	
Insurance benefits paid to members and beneficiaries	\$109,223,677
Additions (reductions) of insurance policy reserves net of interest paid to members	(20,490,681)
Field sales support costs	6,852,672
Fraternal benefits and expenses	2,803,209
Operating expenses	16,853,350
<b>Total Benefits and Expenses</b>	<b>\$115,242,227</b>
Gain from operations before dividends and interest paid to members	37,270,411
Dividends and interest paid to members	27,772,315
Gain from operations before investment results	9,498,096
Net realized capital gains	2,554,343
<b>Net Income</b>	<b>\$12,052,439</b>

# STATEMENT OF FINANCIAL POSITION

As of December 31

<b>Assets</b>	<b>2017</b>
Bonds	\$1,494,103,424
Mortgage loans	23,699,648
Policy loans	28,077,007
Preferred stocks	2,137,351
Common stocks	10,794,038
Other long-term investments	18,793,954
Cash and short-term investments	38,332,548
<b>Total Cash and Investments</b>	<b>\$1,615,937,970</b>
Home Office, at cost net of depreciation	5,288,317
Investment income due and accrued	18,890,765
Other assets	1,460,247
<b>Total Assets</b>	<b>\$1,641,577,299</b>
<b>Liabilities</b>	
Policy reserves	\$1,455,643,795
Interest maintenance reserve	11,682,856
Premiums received in advance and on deposit	12,373,744
Members' and beneficiaries' funds on deposit	53,552,498
Other liabilities	8,831,321
<b>Total Liabilities and Reserves</b>	<b>\$1,542,084,214</b>
Surplus	88,051,947
Asset valuation and other reserves	11,441,139
<b>Total Adjusted Capital</b>	<b>\$99,493,086</b>
<b>Total Liabilities and Surplus</b>	<b>\$1,641,577,299</b>

# FRATERNAL REPORT

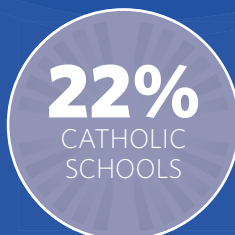
**What makes us different is that we provide resources to our members, encouraging them to make a positive impact in their communities.**

In 2017, more than \$980,000 was matched and donated by the Society to charitable causes, bringing the total outreach to more than \$1.9 million! In a year riddled with natural disasters, we donated more than \$39,000 in Disaster Relief funds to assist our members and areas in need. More than \$500,000 in benefits was awarded to members including \$303,000 in grade school, high school and college scholarships.

**Through the support of our nearly 144,000 members and network of 224 all-volunteer chapters/lodges across the country, the Society has:**

- Volunteered in excess of 103,000 hours with an economic impact of nearly \$2.5 million;
- Raised more than \$910,000 for churches, schools, local organizations, and individuals in need; and,
- Sponsored nearly 2,800 chapter/lodge activities.

## Commitment to Community





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# GET READY FOR SOME FUN, FAMILY EVENTS

DEADLINE APPROACHING

## Old Sturbridge Village - **NEW!**

**Sunday, June 24**

Sturbridge, Mass.

Adults - \$15 / Children (4-17) \$10

Save up to 45% on general admission

## Noah's Ark Waterpark - **NEW!**

**Wednesday, June 27**

Wisconsin Dells, Wis.

\$25 admission includes meal voucher

A \$47 value!

## Timber Rattlers Game

**Saturday, July 7 - 5:00 p.m. Meal /**

**6:35 p.m. Game**

vs. Peoria Chiefs

Appleton, Wis.

\$14 includes game and picnic meal

Up to 35% savings!

## Family Camp Out

**July 20-22**

Columbus, Wis.

\$30 per campsite

A \$70 value!

## Festa Italiana

**July 20-22**

Milwaukee, Wis.

\$5

Save up to 50%

## Pawtucket Red Sox

**Sunday, August 5 - 1:35 p.m.**

vs. Rochester Red Wings

Pawtucket, R.I.

\$12 includes game and

\$10 concession voucher

Up to \$23 value

## Wisconsin State Fair

**Wednesday, August 8**

West Allis, Wis.

\$6 includes cream puff and drink

Up to \$13.75 savings!

Ticket good for the entire fair.

Food available August 8 only.

# MEMBER EV







### Minnesota Twins

**Sunday, August 19 - 1:10 p.m.**

vs. Detroit Tigers  
Minneapolis, Minn.

\$15 includes game and \$5  
concession voucher

### Mexican Fiesta - **NEW!**

**August 24-26**

Milwaukee, Wis.  
\$8

Save up to 50%

Limit of 10 tickets per household

### Basse's Taste of Country

**Saturday, October 6**

Colgate, Wis.

\$8 all ages

Save up to 33%



# EVENTS

## PLEASE NOTE:

This year, registration forms are only available through our website. To register or review details about each event including the ticket deadlines, visit [degreeofhonor.com](http://degreeofhonor.com) or call 1-800-947-5812.

# WE VALUE OUR MEMBERS AND THEIR PRIVACY.

At Degree of Honor (DOH), a division of Catholic Financial Life (CFL), we take great pride in providing financial security to you and your family through various insurance and annuity programs that we offer. We want you to know that the privacy of your personal information is very important to us. That's why we have established policies, procedures and safeguards to protect the information you give us and to limit whether and how this information is shared.

This notice summarizes the privacy policy and information practices of CFL and its affiliate Catholic Brokerage Services. Unless you receive a separate privacy notice from your CFL sales advisor or independent broker, this notice is given on behalf of your CFL advisor or broker, as well.

This description of the Information Practices of CFL and your CFL advisor is being provided in accordance with the requirements of federal and state privacy protection laws.

## Collection of Information

In order to properly underwrite and administer your insurance coverage and other programs and benefits, we must collect a certain amount of necessary and helpful information. The amount of and type of information collected may vary depending on the products, services and benefits, but in general, CFL may collect the following categories of personal information about you.

- The information you provide on applications or other forms, such as your name, address, social security number, salary, etc.
- Information about your transactions with us, such as your contract coverage, premium payment history, and other such information.

- Information we receive from consumer reporting agencies and inspection companies, such as your credit history.
- Information about your age, occupation, physical condition, health history, mode of living, avocations, and other personal characteristics.

You are our most important source of information, but we may also collect or verify information by contacting medical professionals and institutions which have provided care to you or members of your family proposed for coverage, employers and business associates, friends and neighbors, and other insurance companies to which you have applied. We may collect information by exchanges of correspondence, by phone or by personal contact. In addition, your CFL advisor may collect information intended to aid in the update and improvement of your insurance program.

In some cases, we may ask an insurance support organization to collect information and submit an investigative consumer report to us. That organization may retain a copy of the report and may disclose its contents to others for whom it performs such services.

## Disclosures by Catholic Financial Life

All personal information is treated with respect and concern for your privacy. We reserve the right to disclose your personal information to the extent permitted by law. Our disclosures may include the following:

- We may disclose the above categories of personal information about you to affiliated and nonaffiliated businesses, such as reinsurers, in order to complete transactions you have requested or to comply with legal requirements such as subpoenas or tax and fraud reporting.

- We may disclose the above categories of personal information about you to affiliated and nonaffiliated businesses, such as inspection companies and title companies, which perform business services on our behalf.
- We may disclose the above categories of personal information about you to firms that perform marketing services on our behalf and other organizations with which we have joint marketing agreements.
- We may disclose the above categories of personal information to CFL sales advisors and independent brokers who are authorized to sell CFL products.
- We may share personal information such as names, addresses and chapter function photos with our affiliated fraternal chapters, which use is strictly limited to fraternal purposes (such as mailing you information for branch picnics, fundraisers, volunteer activities, CFL's Member Magazine, etc.).
- We may share personal information with our affiliates only as permitted by law.

CFL will not disclose your contract or account numbers to any nonaffiliated businesses, except as necessary to complete business transactions or other purposes for which you have provided specific authorization.

Please be assured that the above describes some of the disclosures which may be made, not disclosures which are always or even often made. In any event, the information disclosed without your authorization will be only as much as is reasonably necessary to accomplish the intended purpose.

For example, we would ordinarily disclose only names and addresses to our service providers. Information relating to physical condition or medical history would ordinarily be disclosed only to your attending physician or treating medical professional. In short, the types of information disclosed will vary depending

on the needs of the recipient and the sensitivity of the data.

We extend our privacy protections to both current and former members.

### Information Security

CFL protects your personal information from unauthorized access as follows:

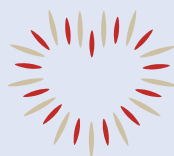
- CFL limits and restricts employee access of policyholder, insured and applicant information to those employees with a legitimate business reason for such access.
- We maintain physical, electronic and procedural safeguards to protect your personal information from unauthorized persons.

### Access and Correction

There are procedures by which you can obtain access to personal information about you appearing in our policy files, including information contained in investigative consumer reports. We have also established procedures by which you may request correction, amendment or deletion of any information in our files which you believe to be inaccurate or irrelevant. A description of these procedures will also be sent to you upon request.

### Obtaining Additional Information

We at CFL hope that you will find this privacy notice and description of information practices helpful. We take our responsibilities, and your rights, very seriously. If you have any further questions about our privacy and information practices, please contact our home office at 800-927-2547 or write to us at P.O. Box 3211, Milwaukee, WI 53201.



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