

Customizing Whole Life Coverage with Optional Riders

Penn Mutual’s whole life products offer a variety of optional riders designed to enhance coverage. Below are the most popular rider solutions that can help your clients maximize protection, minimize costs, and build cash value — making each policy as unique as the individual it protects.

Popular optional whole life riders

Enhanced Permanent Paid-Up Additions Rider	Flexible Protection Rider	Flexible Protection Rider with Accelerated Permanent Paid-Up Additions Rider
<p><i>Helps build cash value faster and increases the death benefit</i></p> <p>What clients like: Boosts permanent coverage and accelerates cash value growth. Over time, dividends can further increase the policy value.¹</p>	<p><i>Reduces the cost of coverage</i></p> <p>What clients like: Combines lower-cost term insurance with permanent protection. Over time, the term coverage is gradually replaced with permanent protection until 100% of the initial death benefit is guaranteed permanent protection.²</p>	<p><i>Speeds up the replacement of term coverage with permanent protection</i></p> <p>What clients like: Ongoing paid-up additions premiums accelerate the rate at which the term insurance is replaced with permanent protection, resulting in a larger permanent death benefit and more cash value accumulation compared to using the Flexible Protection Rider alone.</p>

These riders empower clients to shape their coverage in ways that align with their immediate needs and future aspirations — enhancing the overall strength of their policy.

¹Dividends are not guaranteed.

²The rate at which the term life protection is converted to permanent whole life protection will vary based on the age and underwriting class of the insured(s), the policy payment period, and dividends (which are not guaranteed).

Key terms to get started

Paid-up additions (PUAs)	A dividend option that buys additional participating paid-up life insurance on the base policy.
Paid-up additions premiums	Premiums specifically for the Enhanced Permanent Paid-Up Additions Rider and Accelerated Permanent Paid-Up Additions Rider, which can be paid at any time and are applied on the next monthly anniversary. Once purchased, PUAs are guaranteed.
Paid-up additions rider period	The timeframe during which PUA premiums can be paid. This period is chosen by the policyholder when the rider is issued.
Cumulative premium requirement	The minimum amount of PUA premiums that must be paid over a rolling 5-year period. This requirement is policy-specific and shown in the illustration and policy pages. If not met, the rider will be terminated.
Annual payment limit	The maximum amount of PUA premiums a client can pay annually, as chosen at policy issue. This limit cannot be changed. Payments above the limit are subject to medical underwriting.
Paid-up additions load	A rider-specific charge applied to PUA premiums for the Enhanced-Permanent Paid-Up Additions Rider, the Accelerated Permanent Paid-Up Additions Rider, and the Flexible Protection Rider. The load varies by policy year.

How the Enhanced Permanent Paid-Up Additions Rider works

The Enhanced Permanent Paid-Up Additions (EPPUA) Rider can help accelerate cash value growth and increase the death benefit by allowing policyholders to pay PUA premiums during the PUA rider period, up to a set annual limit. These premiums purchase additional participating paid-up life insurance.

This rider can be added at issue by selecting it on the application or added later, subject to medical underwriting.

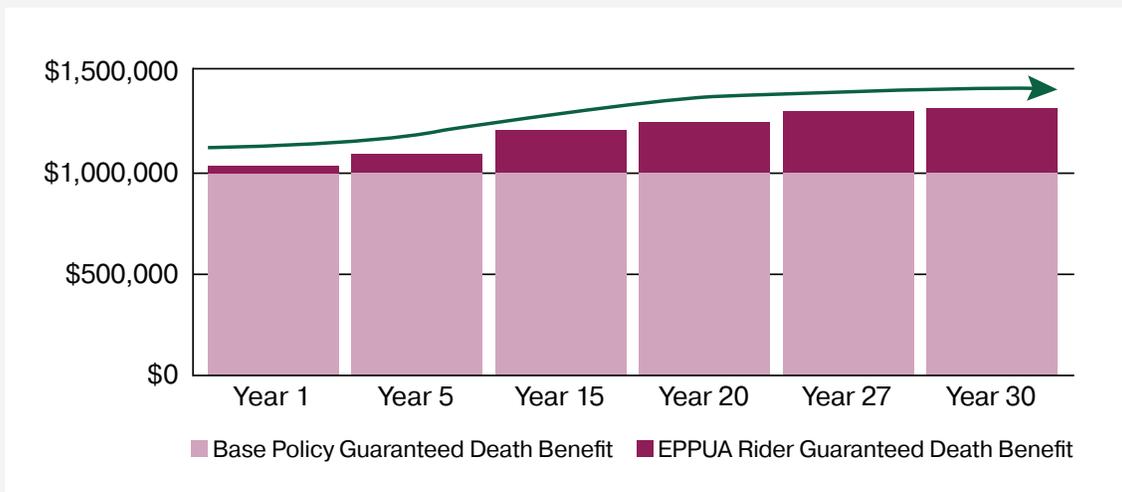
Premium requirements at a glance

- A **minimum** cumulative PUA premium is required over a rolling 5-year period to keep the rider in force.
- In year 1, the **maximum** PUA premium is equal to the product-specific limit set by the company. In years 2+, the maximum is equal to the annual payment limit.
- Starting in year 3, **catch-up payments** are allowed up to make up for prior-year shortfalls — up to the annual payment limit — without underwriting, subject to age-based product limits.

See the difference the rider makes

In the hypothetical example below, you can see how the base policy guaranteed death benefit remains level but by adding the EPPUA Rider the total guaranteed death benefit protection increases over time. Every PUA premium:

- Increases the guaranteed death benefit
- Accelerates guaranteed cash value accumulation
- Begins earning non-guaranteed dividends sooner, enhancing future growth



The hypothetical example is intended to provide a general understanding of how the EPPUA Rider works and is not based on actual policy values. It is not intended to represent actual performance or predict future results. Actual results will vary. The rate at which the guaranteed death benefit will increase is based on the age and underwriting class of the insured(s) and the amount and frequency of EPPUA payments.

How the Flexible Protection Rider works

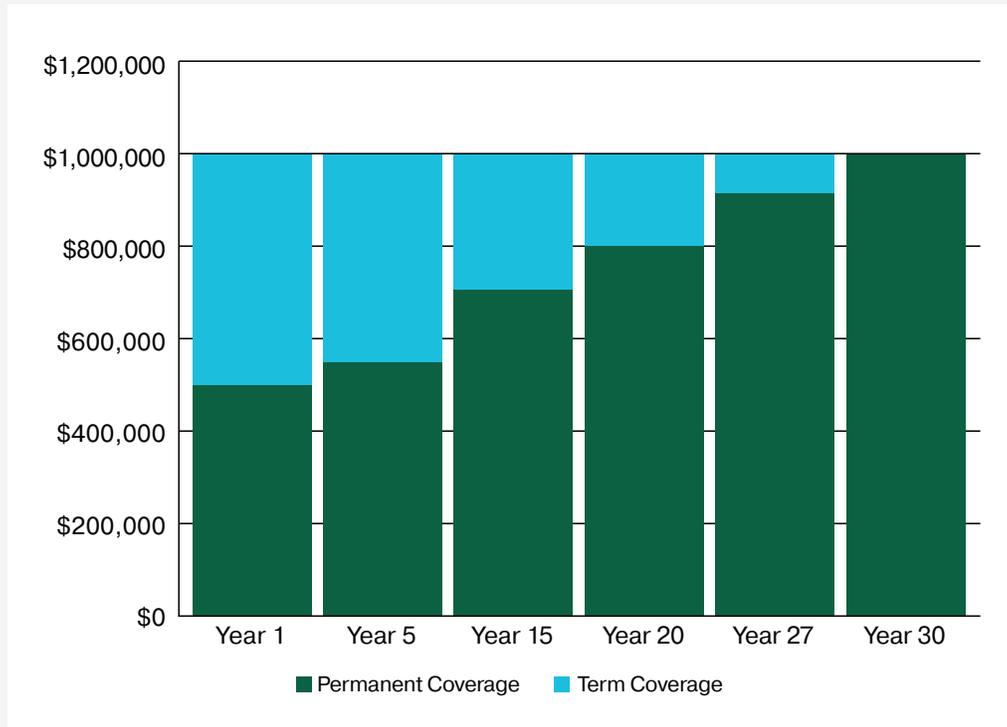
The Flexible Protection Rider (FPR) provides a larger death benefit at a lower cost by combining term life insurance and permanent whole life insurance. Each premium is split — one part covers the cost of the term insurance while the rest builds permanent coverage. Over time, the term portion is replaced until the entire death benefit is permanent protection. *Note: This rider is only available at issue.*

The FPR in action

- At issue, part of the total death benefit is term life insurance.
- Guaranteed cash value grows based on the permanent whole life portion.
- The term portion contributes to the total death benefit, but doesn't accumulate cash value or earn dividends.
- With each premium, more term coverage is converted to permanent protection.
- Dividends, if earned, also help convert term insurance to permanent coverage — until the entire death benefit is permanent protection.¹

See the difference the rider makes

In this hypothetical example, you can see how the total death benefit with FPR is made up of term life insurance and permanent whole life insurance coverage. The policy begins with half of the total death benefit as permanent coverage. Over time, the term portion is fully replaced by the permanent portion.



The hypothetical examples above are intended to provide a general understanding of how the Flexible Protection Rider works and is not based on actual policy values. The rate at which the term life protection is converted to permanent whole life protection will vary based on the age and underwriting class of the insured(s), the policy payment period, and dividends (which are not guaranteed).

¹Dividends are not guaranteed. Lower than expected dividends may result in a temporary or permanent reduction in the total death benefit.

How the Accelerated Permanent Paid-Up Additions Rider works

The Accelerated Permanent Paid-Up Additions (APPUA) Rider is available only in combination with the Flexible Protection Rider.

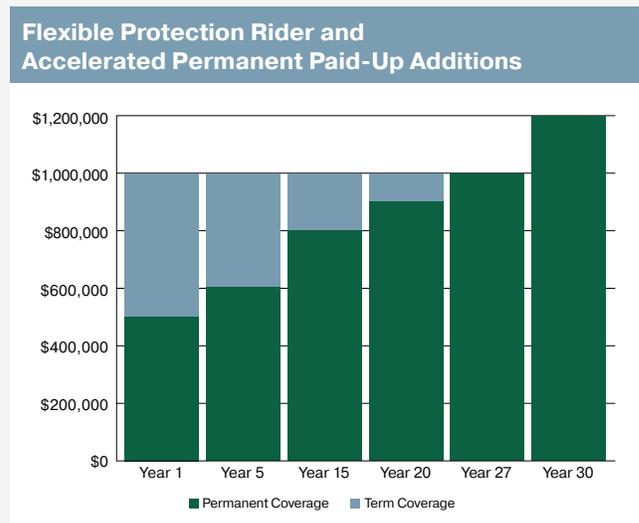
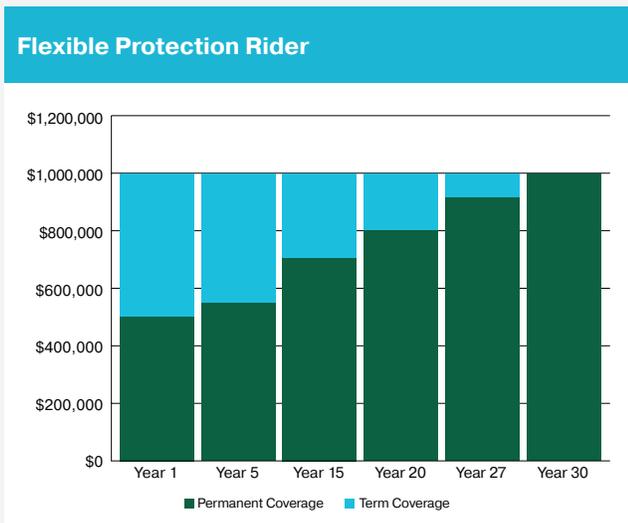
The APPUA Rider requires PUA premiums, which accelerate the conversion of the FPR's term insurance to permanent whole life insurance coverage — without sacrificing the lower cost that the FPR provides. This results in a higher guaranteed death benefit and greater guaranteed cash value once the policy is fully converted, compared to using the FPR alone.

Premium requirements at a glance

- A **minimum** cumulative PUA premium is required over a rolling 5-year period to keep the rider in force.
- In year 1, the **maximum** PUA premium is equal to the product-specific limit. In years 2+, the maximum is equal to the annual payment limit.
- Starting in year 3, **catch-up payments** are allowed to make up for prior-year shortfalls — up to the annual limit — without underwriting, subject to age-based product limits.

See the difference the rider makes

In this hypothetical example, you can see how the APPUA Rider accelerates the conversion of the FPR's term insurance to guaranteed permanent whole life insurance coverage.



The hypothetical example above is intended to provide a general understanding of how the Flexible Protection and APPUA Riders work and are not based on actual policy values. It is a comparison of year-end death benefit values only and is not intended to represent actual performance or predict future results. Actual results will vary. The rate at which the term life protection is converted to permanent whole life protection will vary based on the age and underwriting class of the insured(s), the policy payment period, dividends (which are not guaranteed), and the amount and frequency of APPUA payments.



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All riders must be accompanied by the purchase of the underlying product. Optional riders and benefits may be subject to eligibility and underwriting requirements, additional premium requirements and/or minimum or maximum coverage amounts. Availability and rider provisions may vary by state.

Accessing cash value will reduce the policy death benefit and values, may result in certain fees and charges and may require additional premium payments to maintain coverage. Dividends are not guaranteed and past performance is not indicative of future results.

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