

AUDIT COMMITTEE CHARTER

Purposes

The Audit Committee (the “Committee”) is a standing committee appointed by the Board of Directors (the “Board”) of Security Benefit Corporation (the “Corporation”) to assist the Board in monitoring:

1. the integrity of the financial statements of the Corporation;
2. the independent auditor’s qualifications and independence;
3. the performance of the Corporation’s internal audit function and independent auditor;
4. the compliance by the Corporation with legal and regulatory requirements; and
5. in concert with the Risk Committee of the Board, the key areas of financial risk exposure to the Corporation.

Membership, Structure and Operations

The Committee shall consist of three or more members of the Board. Committee members shall meet the independence requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 and rules and regulations of the Securities and Exchange Commission thereunder. At least one Committee member shall be an “audit committee financial expert” as defined in Item 407 of Regulation S-K of the Security and Exchange Commission and Form N-CSR under the Investment Company Act of 1940. The members of the Committee shall be elected and replaced by, and shall serve at the pleasure of, the Board for such term or terms as the Board may determine. The Board shall designate one member of the Committee as its Chairperson (the “Committee Chair”). Committee members shall not simultaneously serve on the audit committees of more than two other companies.

The Committee Chair, in consultation with other Committee members and appropriate officers of the Corporation, will determine the frequency and length of meetings and the meeting agenda; provided, however, that the Committee shall meet at least quarterly, and more frequently if circumstances dictate. It is the responsibility of the Committee Chair to determine what information the Committee needs. The Corporate Secretary is responsible for distribution of the meeting agenda and the retention of appropriate Committee documentation. The Committee may request that any officer or employee of the Corporation or the Corporation’s outside counsel or independent auditor attend a meeting of the

Committee or may request that they meet with any members of, or consultants to, the Committee. The Committee may, at its option, meet periodically with management, the Director of Internal Audit and any third party internal auditors who may be employed from time to time by the Corporation (collectively, "internal auditors"), and the independent auditor in separate executive sessions. The Chair of the Committee shall advise the Chairman and Chief Executive Officer of the occurrence of any such meeting.

Duties and Responsibilities

The Committee shall be directly responsible for the oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall pre-approve all auditing services and permitted non-audit services (including fees and terms thereof) to be performed for the Corporation by its independent auditor.

The Committee's duties and responsibilities shall be:

Financial and Disclosure Matters

1. To review and discuss with management and the independent auditor the annual audited financial statements.
2. To discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls over accounting and financial reporting and any special steps adopted in light of material control deficiencies.
3. To review and discuss with the independent auditor: (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (c) other material written communications between the independent auditor and management such as any management letter or schedule of unadjusted differences.

4. To review with management and the independent auditor the effect of regulatory and accounting initiatives as well as review and approve any off-balance sheet structures on the Corporation's financial statements.
5. To discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
6. To discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Relationship with the Independent Auditor

7. To review and evaluate the lead partner of the independent auditor team.
8. To obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; (c) any steps taken to deal with any such issues; and (d) all relationships between the independent auditor and the Corporation. The Committee shall also evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors. The Committee shall report its conclusions with respect to the independent auditor to the Board, and shall recommend its selection, retention, or dismissal.
9. To ensure that the independent auditor is not providing any prohibited non-audit services as defined under Rule 2-01(c)(4) of Regulation S-X.
10. To ensure the rotation of all audit partners off the engagement after specified periods (five years for the lead and concurring or reviewing partner and seven years for any other audit partner who provides more than ten hours of audit review or attest services in connection with the Corporation's financial statements) for at least

the required “cooling off” period (five years for the lead and concurring or reviewing partner and two years for any other audit partner), and to consider whether in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.

11. To recommend to the Board policies for the Corporation’s hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Corporation.
12. To meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.
13. To ensure that during the audit and professional engagement period no audit partner earns or receives compensation based on the audit partner procuring engagements with the Corporation to provide any products or services other than audit, review, or attest services.

Oversight of Internal Audit Function

14. To review and concur in the appointment, replacement, reassignment, or dismissal of third party internal auditors retained by the Corporation from time to time, and to annually review with management of the Corporation the performance of the Director of Internal Audit.
15. To review the adequacy and effectiveness of internal audit activities, budget and performance, including reports to management prepared by the internal auditors and management’s responses and corrective action taken, and to review with the internal auditors any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the internal audit work.
16. To review and discuss with the internal auditors, independent auditor, and management the internal audit plan and any significant changes to the planned scope of the internal audit.

Compliance Oversight Responsibilities

17. To obtain from the independent auditor assurances that the independent auditor has not detected or otherwise become aware of information that an illegal act (whether or not perceived to have a material effect on the financial statements of the Corporation) has or may have occurred.

18. To obtain reports from management, the Corporation's internal auditors and the independent auditor that the Corporation and its affiliated entities are in conformity with applicable legal requirements and any code of business conduct and ethics maintained by the Corporation, and to make recommendations to the Board with respect to the Corporation's policies and procedures regarding compliance with applicable laws and regulations and with any code of conduct maintained by the Corporation.
19. To review procedures of the Corporation for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
20. To discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statement or accounting policies.
21. To discuss with the Corporation's General Counsel legal matters that may have a material impact on the financial statements or the Corporation's compliance policies.
22. To make regular reports to the Board of actions taken and other matters deemed appropriate to be brought to the Board's attention at the next Board meeting.
23. To perform a self-evaluation of the Committee annually in such manner as the Committee deems appropriate. The evaluation shall compare the performance of the Committee with the requirements of this Charter.
24. To review and assess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval, and to perform any other duties or responsibilities expressly delegated to the Committee by the Board.

Limitation of Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

Authority

1. The Committee may form and delegate authority to one or more subcommittees.
2. The Committee shall have the authority to retain independent legal, accounting or other advisers. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any such advisers employed by the Committee.

Resources

The Committee shall have the resources necessary to discharge its duties and responsibilities.