UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Horace Mann Educators Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Springfield, Illinois

April 8, 2015

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of your corporation to be held at 9:00 a.m. Central Daylight Saving Time on Wednesday, May 20, 2015, at the Horace Mann Lincoln Auditorium, 1 Horace Mann Plaza, Springfield, Illinois 62715.

We will present a report on Horace Mann s current affairs, and Shareholders will have an opportunity for questions and comments.

We encourage you to read the Proxy Statement and vote your shares as soon as possible. You may vote via the Internet, by telephone or by completing and returning a proxy card. Specific voting instructions are set forth in the Proxy Statement, the Notice of Internet Availability of Proxy Materials and the proxy card. You may revoke your voted proxy at any time prior to the meeting or vote in person if you attend the meeting.

We look forward to seeing you. If you vote by proxy and do not plan to attend, let us know your thoughts about Horace Mann either by letter or by comment on the proxy card.

Sincerely,

Gabriel L. Shaheen	Marita Zuraitis
Chairman of the Board	President and Chief Executive Officer

ANNUAL MEETING OF SHAREHOLDERS

Meeting Notice

HORACE MANN EDUCATORS CORPORATION

1 Horace Mann Plaza

Springfield, Illinois 62715-0001

The approximate availability date of the Proxy Statement and the proxy card is April 8, 2015. **Your vote is important.** Whether or not you plan to attend the Annual Meeting, the Board of Directors urges you to vote via the Internet, by telephone or by returning a proxy card. **If you vote via the Internet or by telephone, do not return your proxy card.** You may revoke your proxy at any time before the vote is taken at the Annual Meeting provided that you comply with the procedures set forth in the Proxy Statement which accompanies this Notice of Annual Meeting of Shareholders. If you attend the Annual Meeting, you may either vote by proxy or vote in person.

A broker is not permitted to vote on the election of directors, the Horace Mann Educators Corporation 2010 Comprehensive Executive Compensation Plan as amended and restated, or the advisory resolution to approve Named Executive Officers compensation without instructions from the beneficial owner. Therefore, if your shares are held in the name of your broker, bank or other nominee, unless you vote your shares, your shares will not be voted regarding these proposals.

We encourage you to read the Proxy Statement and vote your shares as soon as possible.

By order of the Board of Directors,

Ann M. Caparrós

Corporate Secretary

Springfield, Illinois

April 8, 2015

HORACE MANN EDUCATORS CORPORATION

2015 Proxy Statement Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider. You should read the entire Proxy Statement carefully before voting.

GENERAL INFORMATION

Meeting: Annual Meeting of Shareholders

Date: May 20, 2015

Time: 9:00 a.m. Central Daylight Saving Time

Location: Horace Mann Lincoln Auditorium,

1 Horace Mann Plaza, Springfield, Illinois 62715

Record Date: March 24, 2015

Common Stock Outstanding: 41,120,398 shares

Stock Symbol: HMN

Exchange: NYSE

State of Incorporation: Delaware

Year of Incorporation: 1968

Public Company Since: 1991

Corporate Website: www.horacemann.com

ITEMS TO BE VOTED ON

Election of Nine Directors

Director Nominees:

Daniel A. Domenech (Independent)

Mary H. Futrell (Independent)

Stephen J. Hasenmiller (Independent)

Ronald J. Helow (Independent)

Beverley J. McClure (Independent)

Gabriel L. Shaheen (Independent)(Chairman)

Robert Stricker (Independent)

Steven O. Swyers (Independent)

Marita Zuraitis (Management)

Horace Mann Educators Corporation 2010 Comprehensive Executive Compensation Plan as Amended and Restated

Advisory Resolution to Approve Named Executive Officers Compensation

Ratification of Independent Registered Public Accounting Firm

CORPORATE GOVERNANCE

Director Term: One year

Director Election Standard: Majority vote

Board Meetings in 2014: 4

Board Committees (Meetings in 2014):

Audit (12), Compensation (5), Executive (0); Investment & Finance (4), Nominating & Governance (4), Customer Experience & Technology (4)

Corporate Governance Materials:
www.horacemann.com - Investors - Corporate Overview - Governance Documents

Board Communication: By mail to: Board of Directors, c/o Corporate Secretary, 1 Horace Mann Plaza, Springfield, Illinois 62715. By email to: hmecbofd@horacemann.com

EXECUTIVE COMPENSATION GOVERNANCE

Hedging transactions prohibited

Pledging shares prohibited

Clawback provisions applicable to all Executive Officers for both cash and equity awards

Stock Ownership Requirements for all Directors and Executive Officers

Stock Option holding requirement post exercise

Executive Change in Control Plan excludes tax gross-up provisions

Perquisites for Executive Officers limited to third party financial planning services

ANNUAL MEETING OF SHAREHOLDERS

Proxy Statement

Contents

General Information

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on Wednesday, May 20, 2015. The Proxy Statement and Annual Report to Shareholders and Form 10-K (the Proxy Materials) are available at www.proxyvote.com.

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the Board) of Horace Mann Educators Corporation (HMEC , the Company or Horace Mann) of proxies (that is, the authority to vote shares from holders of the Company s common stock, par value $.001 per share (Common Stock). The proxies will be voted at the Annual Meeting of Shareholders to be held on Wednesday, May 20, 2015 at 9:00 a.m. Central Daylight Saving Time at the Horace Mann Lincoln Auditorium, 1 Horace Mann Plaza, Springfield, Illinois 62715 and at any adjournment or postponement thereof (the Annual Meeting).

The mailing address of the Company is 1 Horace Mann Plaza, Springfield, Illinois 62715-0001 (telephone number 217-789-2500). This Proxy Statement and the proxy card are being first made available to shareholders of the Company (Shareholders) on or about April 8, 2015.

The Board has fixed the close of business on March 24, 2015 as the record date (the Record Date) for determining the Shareholders entitled to receive notice of and to vote at the Annual Meeting. At the close of business on the Record Date, an aggregate of 41,120,398 shares of Common Stock were issued and outstanding, each share entitling the holder thereof to one vote on each matter to be voted upon at the Annual Meeting. The presence, in person or by proxy, of

the holders of a majority of such outstanding shares entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business at the Annual Meeting. The Company, through bankers, brokers or other persons, also intends to make a solicitation of beneficial owners of Common Stock.

At the Annual Meeting, Shareholders will be asked to (1) elect nine Directors named in the Proxy Statement to hold office until the next Annual Meeting of Shareholders and until their respective successors have been duly elected and qualified, (2) approve the HMEC 2010 Comprehensive Executive Compensation Plan as amended and restated, (3) approve the advisory resolution to approve Named Executive Officers compensation, and (4) ratify the appointment of KPMG LLP, an independent registered public accounting firm, as the Company s auditors for the year ending December 31, 2015.

Shareholders may also be asked to consider and take action with respect to such other matters as may properly come before the Annual Meeting.

Copies of the Company s Annual Report on Form 10-K for the year ended December 31, 2014 (Annual Report), including the Company s audited consolidated financial statements, were made available to known Shareholders on or about March 2, 2015.

Your Proxy Vote

How to Vote

(1) *Via Internet:* Go to www.proxyvote.com to vote via the Internet. You will need to follow the instructions on your Notice of Internet Availability of Proxy Materials (Notice) or proxy card and the website. If you vote via the Internet, you may incur telephone and Internet access charges.

(2) *By Telephone:* Call the toll-free telephone number on the proxy card or the website to vote by telephone. You will need to follow the instructions and the voice prompts.

(3) *By Mail:* Request, complete and return a paper proxy card, following the instructions on your Notice.

(4) *In Person:* Attend the Annual Meeting, or send a personal representative with an appropriate proxy, to vote by ballot.

If you vote via the Internet or by telephone, your electronic vote authorizes the named proxies in the same manner as if you signed, dated and returned your proxy card. **If you vote via the Internet or by telephone, do not return your proxy card.**

If your shares are held in street name (that is, in the name of a bank, broker or other holder of record), you will receive a Notice containing instructions from the holder of record that you must follow in order for your shares to be voted. Internet and/or telephone voting also will be offered to Shareholders owning shares through most banks and brokers.

Participants in the Company s stock fund within the Horace Mann Service Corporation Supplemental Retirement and Savings 401(k) Plan can direct the trustee to vote their shares via the Internet as directed in the Notice, by telephone as provided on the website or proxy card, or by signing and returning a proxy card.

Voting Rules

Solicitation and Revocation

Your proxy is being solicited by and on behalf of the Board. The persons named in the Form of Proxy have been designated as proxies by the Board. Such persons are Directors of the Company.

Shares of Common Stock represented at the Annual Meeting by a properly executed and returned proxy will be voted at the Annual Meeting in accordance with the instructions noted thereon, or if no instructions are noted, the proxy will be voted in favor of the proposals set forth in the Notice of Annual Meeting. A submitted proxy is revocable by a Shareholder at any time prior to it being voted, provided that such Shareholder gives written notice to the

Corporate Secretary at or prior to the Annual Meeting that such Shareholder intends to vote in person or by submitting a subsequently dated proxy. Attendance at the Annual Meeting by a Shareholder who has given a proxy shall not in and of itself constitute a revocation of such proxy.

Further solicitation may be made by officers and other employees of the Company personally, by telephone or otherwise, but such persons will not be specifically compensated for such services. Banks, brokers, nominees and other custodians and fiduciaries will be reimbursed for their reasonable out-of-pocket expenses in forwarding soliciting material to their principals, the beneficial owners of Common Stock. The costs of soliciting proxies will be borne by the Company. It is estimated these costs will be nominal.

Shareholder Approval

Shareholders are entitled to one vote per share of Common Stock on all matters submitted for consideration at the Annual Meeting. Under the Company s Bylaws, the affirmative vote of a majority of the shares of Common Stock represented in person or by proxy at the Annual Meeting is required for the election of Directors, approval of the HMEC 2010 Comprehensive Executive Compensation Plan as amended and restated, approval of the advisory resolution to approve Named Executive Officers compensation and the ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for the year ending December 31, 2015.

Abstentions have the same effect as a vote against approval of the matter.

Please note that under NYSE rules, brokers who hold shares of Common Stock in street name for customers have the authority to vote on certain items when they have not received instructions from beneficial owners. With respect to the matters to come before the Annual Meeting, if brokers are not entitled to vote without instructions and therefore cast broker non-votes, the broker non-votes will have no direct effect on the outcome of the vote. However, because each matter requires a majority vote of the outstanding shares present and entitled to vote, a broker non-vote will indirectly work against the matter for which a broker non-vote is cast.

For this Annual Meeting, if you do not give specific instructions, your broker may cast your vote in its discretion on only Proposal No. 4 - Ratification of Independent Registered Public Accounting Firm.

Other Matters

Other than the matters set forth below, the Board has not received any Shareholder proposal by the deadline prescribed by the rules of the SEC, and otherwise knows of no other matters to be brought before the Annual Meeting. However, should any other matters properly come before the meeting, the persons named in the Form of Proxy will vote or refrain from voting thereon at their discretion.

Proposals and Company Information

PROPOSAL NO. 1 - ELECTION OF NINE DIRECTORS

The By-Laws of the Company provide for the Company to have not less than five or more than fifteen Directors. The following nine persons currently are serving as Directors of the Company (Directors): Mary H. Futrell, Stephen J. Hasenmiller, Ronald J. Helow, Beverley J. McClure, Gabriel L. Shaheen, Roger J. Steinbecker, Robert Stricker, Steven O. Swyers and Marita Zuraitis. The terms of these Directors expire at the Annual Meeting. Mr. Steinbecker will be retiring from the Board as of the Annual Meeting, and the Board has nominated Daniel A. Domenech to serve as a new Director of the Company. We thank Mr. Steinbecker for his exemplary service.

The Board of Directors believes it is necessary for each of the Company s Directors to possess a variety of qualities and skills. The Nominating & Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment includes members qualifications as independent, as well as consideration of skills, experience, diversity and age in the context of the needs of the Board. The Nominating & Governance Committee does not have a formal diversity policy; however, the Board and the Nominating & Governance Committee believe that it is essential that the Board members represent diverse viewpoints. The Nominating & Governance Committee assesses the effectiveness of the criteria described above when evaluating new Board candidates and when assessing the composition of the Board as a whole.

Upon the recommendation of the Nominating & Governance Committee, the Board nominated Dr. Domenech, Dr. Futrell, Mr. Hasenmiller, Mr. Helow, Ms. McClure, Mr. Shaheen, Mr. Stricker, Mr. Swyers and Ms. Zuraitis (the Board Nominees) to hold office as Directors. The proxies solicited by and on behalf of the Board will be voted FOR the election of the Board Nominees unless you specify otherwise. The Company has no reason to believe that any of the foregoing Board Nominees is not available to serve or will not serve if elected, although in the unexpected event that any such Board Nominee should become unavailable to serve as a Director, full discretion is reserved to the persons named as proxies to vote for such other persons as may be nominated, or the Board may reduce the size of the Board. Each Director will serve until the next Annual Meeting of Shareholders and until his or her respective successor is duly elected and qualified.

Board Nominees

The following information, as of March 15, 2015, is provided with respect to each Board Nominee:

Daniel A. Domenech **Age:** 69 **Board Nominee**	Dr. Domenech has served as the Executive Director of American Association of School Administrators since July 2008. He is currently Chairman of the Board of the Communities in Schools of Virginia and the National Student Clearinghouse Research Center and is a member of the Board of Directors of Learning First Alliance, America s Promise, the Center for Naval Analyses, ACT and Universal Service Administrative Company (USAC). Dr. Domenech is also a past President of the New York State Council of School Superintendents, the Suffolk County Superintendents

Association and the Suffolk County Organization for Promotion of Education, and was the first President and cofounder of the New York State Association for Bilingual Education. In addition, he has served on the U.S. Department of Education s National Assessment Governing Board, on the Advisory Board for the Department of Defense schools, on the Board of Overseers for the Baldrige Award and the National Board for Professional Teaching Standards. Dr. Domenech has more than 40 years of experience in public education.

Dr. Domenech s experience in public education will provide the Board with valuable insight into the Company s niche market and the challenges and opportunities within that market.

Mary H. Futrell

Age: 74

Director Since: 2001

Horace Mann Committees:

Compensation

Customer Experience & Technology

Nominating & Governance

Dr. Futrell is Co-Director of the Center for Curriculum, Standards and Technology, a position she has held since 1990, at The George Washington University. In addition, Dr. Futrell is Professor, Department of Education Leadership, a position she has held since 1999; previously, she served as Dean of the Graduate School of Education and Human Development, a position she held from 1995 to 2010, and Associate Professor from 1992 to 1999. Dr. Futrell currently serves as a member of the Boards of Directors of K-12 Inc., Kettering Foundation, International Council on Education for Teaching and Lynchburg College. She is also President of Americans for UNESCO and a Member of the U.S. National Commission for UNESCO. Dr. Futrell is the Founding President of Education International and past President of the National Education Association and the Virginia Education Association.

Dr. Futrell s experience in the educational community gives her unique insights into the Company s niche market and the opportunities and challenges within that market.

Stephen J. Hasenmiller

Age: 65

Director Since: 2004

Horace Mann Committees:

Nominating & Governance (Chair)

Compensation

Executive

Mr. Hasenmiller retired in March 2001 after 24 years of service at The Hartford Financial Services Group, Inc., as Senior Vice President - Personal Lines. Mr. Hasenmiller s prior affiliations include his tenure as Chairman of the Personal Lines Committee of the American Insurance Association (1999-2001) and membership on the Boards of Directors of the Institute for Business & Home Safety (1996-2001) and the Insurance Institute for Highway Safety (1995-2001).

Mr. Hasenmiller s seasoned insurance background in the personal lines business, including both direct sales and agency distribution, as well as his understanding and experience in dealing with complex insurance issues, provides the Board with a valuable perspective.

Ronald J. Helow	Mr. Helow is managing director of New Course Advisors, a consulting firm he founded in 2008 to advise companies on how to use advanced technologies to create a competitive advantage. Mr. Helow served from 2001 to 2008 as Partner and Chief Technology Officer at NxtStar Ventures, LLC, a firm providing consulting services to life insurance and retail financial services businesses, and founded Registry Systems Corporation in 1990 to custom design and implement mission critical projects using advanced computer technologies for insurance companies.
Age: 70	
Director Since: 2009	
Horace Mann Committees:	
Customer Experience & Technology (Chair)	
Audit	
Executive	Mr. Helow s past experience in developing and securing solutions to insurance company operating challenges through technology brings to the Board unique knowledge and perspective.

Beverley J. McClure

Age: 60

Director Since: 2013

Horace Mann Committees:

Audit

Customer Experience & Technology

Ms. McClure retired in 2007 after a 35 year career with United Services Automobile Association (USAA), as Senior Vice President, Enterprise Operations. She is owner of Fresh Perspectives LLC, a firm she founded in 2007 which specializes in executive coaching and small business consulting. Ms. McClure previously served as Senior Advisor of Endeavor Management, a consulting firm specializing in service culture creation, leadership coaching, business transformation, operational execution, and customer experience management, a position she held from 2010 to 2013. She holds the Chartered Life Underwriter and Fellow, Life Management Institute designations and is a certified executive coach through the International Coach Federation.

Ms. McClure s broad experience in the areas of service excellence, customer experience, culture creation, employee engagement and quality management provides the Board with a valuable perspective.

Gabriel L. Shaheen

Age: 61

Director Since: 2007

Chairman Since: 2010

Horace Mann Committees:

Compensation (Chair)

Executive (Chair)

Nominating & Governance

Mr. Shaheen retired in 1999 after 22 years of service with Lincoln National Corporation, including service as President and Chief Executive Officer of Lincoln National Life Insurance Company, Managing Director of Lincoln UK, and President and Chief Executive Officer of Lincoln National Reinsurance Companies. Since 2000, he has been Chief Executive Officer of GLS Capital Ventures, LLC and Partner of NxtStar Ventures, LLC, firms providing consulting services to life insurance and retail financial services businesses. He is currently a member of the Board of Directors of Steel Dynamics, Inc., one of the largest steel producers and metals recyclers in the United States. Mr. Shaheen holds the Fellow of the Society of Actuaries designation.

Mr. Shaheen s insurance experience, technical insurance expertise and leadership background are valuable Board resources and contribute to Board discussion of issues impacting the Company.

Robert Stricker

Age: 68

Director Since: 2009

Horace Mann Committees:

Investment & Finance (Chair)

Compensation

Customer Experience & Technology

Mr. Stricker retired from Shenkman Capital Management, Inc., an investment management firm, in March 2009 as Senior Vice President and Principal. Prior to joining Shenkman, he served as Managing Director, Head of U.S. Fixed Income, Citigroup Asset Management at Citigroup, Inc. from 1994 to 2001. Mr. Stricker has over 35 years of experience in the financial services industry. He currently serves as a Director of the CQS Directional Opportunities Feeder Fund Ltd. and on the OPEB Trust Board of the town of Greenwich, Connecticut. Mr. Stricker holds the Chartered Financial Analyst designation.

Mr. Stricker s investment knowledge and financial services industry experience provide the Board with financial insights and assist the Board in its oversight responsibilities.

Steven O. Swyers **Age:** 64 **Director Since:** 2014 **Horace Mann Committees:** Audit Investment & Finance	Mr. Swyers retired in 2013 after a 40 year career with PricewaterhouseCoopers LLP (PwC), a public accounting firm. During this time with PwC, he served as the lead engagement partner on many national and international companies, including those in the financial services industry. He has also held various leadership positions at PwC including leader of the Central Region s consumer and industrial products business segment, and managing partner of their St. Louis practice. He is currently a member of the Board of Directors of Mercy Health East Communities and is Chairman of the Board of Webster University. Mr. Swyers holds the Certified Public Accountant designation. Mr. Swyers has an extensive audit and accounting background and is recognized as a financial expert. His knowledge in these areas assists the Board in its oversight responsibilities.
Marita Zuraitis **Age:** 54 **Director Since:** 2013 **Horace Mann Committees:** Customer Experience & Technology Executive Investment & Finance	Ms. Zuraitis was appointed to her present position as President and Chief Executive Officer in September 2013. She joined the Company in May 2013 as President and Chief Executive Officer-Elect. Ms. Zuraitis joined Horace Mann from The Hanover Insurance Group where she was an Executive Vice President and a member of The Hanover s Executive Leadership Team. From 2004 to 2013, she served as President, Property and Casualty Companies, responsible for the personal and commercial lines operations at Citizens Insurance Company of America, The Hanover Insurance Company and their affiliates. Prior to 2004, Ms. Zuraitis was with The St. Paul/Travelers Companies for six years, where she achieved the position of President and Chief Executive Officer, Commercial Lines. She also held a number of increasingly responsible underwriting and field management positions with United States Fidelity and Guaranty Company and Aetna Life and Casualty. She is a member of the Board of Directors of LL Global, Inc., a trade association with operating divisions LIMRA and LOMA, and a member of the Board of Trustees of The Institutes, the leading provider of risk management and property-casualty insurance

education, whose offerings include the premier CPCU® designation. She is also a member of the Board of Directors of Citizens Financial Group, Inc. Ms. Zuraitis has over 30 years of experience in the insurance industry.

Ms. Zuraitis s knowledge of and extensive background in the insurance industry contribute to Board discussion and understanding of issues impacting the Company.

All of the Board Nominees were elected Directors at the last Annual Meeting of Shareholders of the Company held on May 21, 2014, with the exception of Dr. Domenech, who was recommended for nomination as a Director by the Company s Nominating and Governance Committee.

The Board recommends that Shareholders vote FOR the election of these nine nominees as Directors.

Board of Directors and Committees

There were nine members on the Board as of March 15, 2015. The Board met four times during 2014. No Director of the Company attended fewer than 75% of the Board meetings and the committee meetings to which he or she was appointed and served during 2014.

The Chairman of the Board presides over all executive sessions of the Board, including executive sessions of non-employee Directors, and may be contacted as described in Corporate Governance - Communications with Directors . The members of the Board are expected to be present at the Annual Meeting. The following eight Directors serving on the Board at the time of last year s Annual

Meeting attended the meeting: Dr. Futrell, Mr. Hasenmiller, Mr. Helow, Ms. McClure, Mr. Shaheen, Mr. Steinbecker, Mr. Stricker and Ms. Zuraitis.

Committees of the Board

The standing committees of the Board consist of the Executive Committee, Compensation Committee, Nominating & Governance Committee, Investment & Finance Committee and Audit Committee. Each standing committee is governed by a charter that defines its role and responsibilities which are available on the Company s website at www.horacemann.com under Investors - Corporate Overview - Committee Composition and Charters . A printed copy of these charters may be obtained by Shareholders upon written request addressed to Investor Relations, Horace Mann Educators Corporation, 1 Horace Mann Plaza, C-120, Springfield, Illinois 62715-0001. The Board may also form ad hoc committees from time to time.

The **Executive Committee** exercises certain powers of the Board during intervals between meetings of the Board and, as requested by the Chief Executive Officer, acts as a sounding board for discussing strategic and operating issues.

The **Compensation Committee** approves and recommends to the Board the compensation, salaries, bonuses and awards applicable to the Executive Officers and Directors of the Company and oversees the process of Executive Officer leadership development and succession. Each of the current members of this Committee is independent under the listing standards of the NYSE applicable to compensation committee members. The Compensation Committee receives recommendations from management and has unrestricted access to the Company s personnel documents and to reports or evaluations of any independent compensation consultants, specialists or advisors who are retained by the Company or the Compensation Committee to analyze the compensation of the Executive Officers and members of the Board. The Compensation Committee also has access to any other resources which it needs to discharge its responsibilities, including selecting, retaining and/or replacing, as needed, compensation consultants and other outside consultants to provide independent advice to the Compensation Committee. Additional information regarding the processes and procedures for the consideration and determination of Executive Officer compensation is provided in the Compensation Discussion and Analysis .

The **Nominating & Governance Committee** develops and recommends to the Board corporate governance principles applicable to the Company, oversees the Board succession planning process, and recommends Director candidates to the Board. The Nominating & Governance Committee will consider Director candidates recommended by Shareholders. Candidates may be submitted in writing to the Corporate Secretary, Horace Mann Educators Corporation, 1 Horace Mann Plaza, Springfield, Illinois 62715-0001. There are no differences between the evaluation of candidates recommended by Shareholders and the evaluation of

candidates recommended by members of the Nominating & Governance Committee.

The Committee evaluates possible nominees to the Board on the basis of the factors it deems relevant, including the following:

high standards of personal character, conduct and integrity;

an understanding of the interests of the Company s Shareholders, clients, employees, agents, suppliers, communities and the general public;

- the intention and ability to act in the interest of all Shareholders;

- a position of leadership and substantial accomplishment in his or her field of endeavor, which may include business, government or academia;

- the ability to understand and exercise sound judgment on issues related to the goals of the Company;

- a willingness and ability to devote the time and effort required to serve effectively on the Board, including preparation for and attendance at Board and committee meetings;

- the absence of interests or affiliations that could give rise to a biased approach to directorship responsibilities and/or a conflict of interest, and the absence of any significant business relationship with the Company except for the employment relationship of an employee Director; and

- the needs of the Board, including skills, experience, diversity and age.

The **Investment & Finance Committee** approves investment strategies, monitors the performance of investments made on behalf of the Company and its subsidiaries, and oversees issues and decisions relating to the Company s capital structure.

The **Audit Committee** oversees the accounting and financial reporting process, audits of the financial statements, and internal operating controls of the Company. It meets with both the Company s management and the Company s independent registered public accounting firm. Each of the current members of this Committee is independent under the independence standards of the NYSE applicable to audit committee members. No Audit Committee member serves on the audit committee of more than three other publicly traded companies. The Board has determined that Mr. Steinbecker is a financial expert. Mr. Steinbecker retired in 2001 from PricewaterhouseCoopers LLP after a 35 year career where he was the partner responsible for the audits of many national and international companies, served as leader of the firm s Southeast Region s consumer and industrial products business segment, and was managing partner of their Philadelphia and Denver practices.

The **Customer Experience & Technology Committee** is an ad hoc committee formed by the Board during 2013. The Committee oversees the Company s goals and strategies related to improving and managing the customer experience, as well as the development and implementation of the Company s technology strategies.

The following table identifies membership and the Chairman of each of the current committees of the Board, as well as the number of times each committee met during 2014.

Director	Executive Committee	Compensation Committee	Nominating & Governance Committee	Investment & Finance Committee	Audit Committee	Customer Experience & Technology Committee (1)
Mary H. Futrell		X	X			X
Stephen J. Hasenmiller	X	X	Chair			
Ronald J. Helow	X				X	Chair
Beverley J. McClure					X	X
Gabriel L. Shaheen	Chair	Chair	X			
Roger J. Steinbecker				X	Chair	
Robert Stricker		X		Chair		X
Steven O. Swyers				X	X	
Marita Zuraitis	X			X		X
Meetings in 2014	0	5	4	4	12	4

Chair - Committee Chair

X - Committee member

(1) The Customer Experience & Technology Committee is an ad hoc committee.

Director Compensation

The compensation program for non-employee Directors is shown in the following table:

Compensation Element	Non-Employee Director Compensation (1)(2)
Board Chairman Annual Retainer	$100,000
Board Member Annual Retainer (other than Board Chairman)	$55,000
Committee Chairman Annual Retainer	$25,000 Audit Committee $15,000 Compensation Committee $12,000 Nominating & Governance Committee $15,000 Customer Experience & Technology Committee $10,000 all other Committees $10,000 Audit Committee

Committee Member Annual Retainer (other than Committee Chairman)	$ 7,500 all other Committees
Share-based Compensation	Fair value on the date of the respective awards is used to determine the number of Restricted Stock Units (RSUs) awarded. An annual award of $90,000 in RSUs following the Annual Shareholder Meeting. $90,000 in RSUs if joining the Board within 6 months after the prior Annual Shareholder Meeting, $45,000 in RSUs if joining more than 6 months after the prior Annual Shareholder Meeting but before the next Annual Shareholder Meeting. All awards have a 1 year vesting period.
Basic Group Term Life Insurance	Premium for $10,000 face amount
Business Travel Accident Insurance	Premium for $100,000 coverage

(1) Annual retainer fees are paid following the Annual Shareholder Meeting each year. The annual retainer fees are prorated to the extent that a non-employee Director joins the Board after the Annual Shareholder Meeting.
(2) Non-employee Directors may elect to defer cash compensation into Common Stock equivalent units (CSUs).

Non-employee Directors are required to hold shares of HMEC Common Stock with a book value equal to five times their annual cash retainer.

Until non-employee Directors meet this ownership requirement, they must retain all Common Stock equivalent units and Restricted Stock Units granted as share-based compensation (net of taxes). All non-employee Directors have met the guidelines with the exception of Ms. McClure, who joined the Board in 2013, and Mr. Swyers, who joined the Board in 2014, and they have 5 years to meet this requirement. Employee Directors do not receive compensation for serving on the Board and are subject to separate stock ownership guidelines. See Compensation Discussion and Analysis - Stock Ownership and Holding Requirements .

The following table sets forth information regarding compensation earned by, or paid to, the non-employee Directors during 2014:

Director	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	All Other Compensation ($) (2)	Total ($)
Mary H. Futrell	38,750	128,750	204	167,704
Stephen J. Hasenmiller	82,000	90,000	51	172,051
Ronald J. Helow	87,500	90,000	204	177,704
Beverley J. McClure	72,500	90,000	51	162,551
Gabriel L. Shaheen	132,500	90,000	51	222,551
Roger J. Steinbecker	87,500	90,000	204	177,704
Robert Stricker	80,000	90,000	204	170,204
Steven O. Swyers	72,500	90,000	25	162,525

(1) Represents fees deferred in 2014 pursuant to the HMEC 2010 Comprehensive Executive Compensation Plan, as well as $90,000 in RSUs (awarded May 21, 2014). As of December 31, 2014, each Director had 3,184 unvested RSUs.

(2) Represents insurance premiums provided by the Company for group term life insurance and business travel accident insurance for each Director. The group term life insurance premiums are age-banded and this is reflected in the lower premiums for Mr. Hasenmiller, Ms. McClure, Mr. Shaheen and Mr. Swyers. In addition, Mr. Swyers premiums were pro-rated based on the date that he joined the Board.

Corporate Governance

Director Independence

The Company s Corporate Governance Principles require that the Board consist of a majority of directors who meet the criteria for independence required by the listing standards of the NYSE. Based on the independence requirements of the NYSE and after reviewing any relationships between the Directors and the Company or its management (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company or its management) that could impair, or appear to impair, the Director s ability to make independent judgments, the Board determined that none of its non-employee Directors have a material relationship with the Company, and therefore all of these Directors are independent. In addition, the Board determined that Dr. Domenech does not have a material relationship with the Company, and therefore is independent. These independence determinations are analyzed at least annually in both fact and appearance to promote arms-length oversight. The current non-employee Directors are Dr. Futrell, Mr. Hasenmiller, Mr. Helow, Ms. McClure, Mr. Shaheen, Mr. Steinbecker, Mr. Stricker and Mr. Swyers.

Board Leadership Structure

The Board is committed to strong, independent Board leadership and believes that objective oversight of management is a critical aspect of effective corporate governance. Accordingly, the Board currently has two separate individuals holding the offices of Chairman and Chief Executive Officer, and the position of Chairman is held by an independent Director. The Board of Directors believes that having an independent Director serve as Chairman is in the best interest of the Company at this time as this structure provides a greater role for the independent Directors in the oversight of the Company. However, as described in the Company s Corporate Governance Principles, this situation can change in the future to permit one individual to hold both positions, if the Board deems it to be in the best interests of the Company at a given time.

Board s Role in Risk Oversight

The Board of Directors is responsible for overseeing the processes that management has established for assessing and managing risk. In addition, the Board has delegated oversight of certain categories of risk to designated Board committees. In performing their oversight responsibilities, the Board and relevant committees regularly discuss with management the Company s policies with respect to risk assessment and risk management. The committees report to the Board regularly on matters relating to the specific areas of risk the committees oversee.

In addition, the Company has established an internal Enterprise Risk Management (ERM) Committee, which is composed of certain members of senior management including the President and Chief Executive Officer; the Executive Vice President and Chief Financial Officer; the Executive Vice President, Annuity and Life; the Executive Vice President and Chief Marketing Officer; the Senior Vice President, Property & Casualty; the Senior Vice President and Chief Human Resources Officer; the Senior Vice President and Chief Information Officer; and the General Counsel, Chief Compliance Officer and Corporate Secretary. The ERM Committee is chaired by the Executive Vice President and Chief Financial Officer of the Company.

Throughout the year, the Board and the relevant Board committees receive regular reports from the Enterprise Risk Management Committee and its chairman regarding major risks and exposures facing the Company and the steps management has taken to monitor and control such risks and exposures. In addition, throughout the year, the Board and the relevant Board committees dedicate a portion of their meetings to review and discuss specific risk topics in greater detail.

Code of Ethics, Code of Conduct and Corporate Governance Principles

The Company has adopted a Code of Ethics and a Code of Conduct applicable to all employees, including the Chief Executive Officer, Chief Financial Officer, Controller and Directors (in their capacity as Directors of the Company). The Company has also adopted Corporate Governance Principles. The Codes and Principles are available on the Company s website at www.horacemann.com, under Investors - Corporate Overview - Governance Documents . A printed copy of the Codes and Principles may be obtained by Shareholders upon written request, addressed to Investor Relations, Horace Mann Educators Corporation, 1 Horace Mann Plaza, C-120, Springfield, Illinois 62715-0001.

Director Education

Each Director is required to participate in at least one education program every two years and may choose to participate in up to two education programs in a two year period at the Company s expense. All Directors are in compliance with this requirement.

Communications with Directors

The Company has established various processes to facilitate communications with the Board by Shareholders and other interested parties. Communications to non-employee Directors as a group or to the Chairman of the Board or to an individual Director may be submitted via regular mail addressed to the Board of Directors, c/o the Corporate Secretary, Horace Mann Educators Corporation, 1 Horace Mann Plaza, Springfield, Illinois 62715-0001. Additionally, communications may be emailed to the Board of Directors, c/o the Corporate Secretary at hmecbofd@horacemann.com.

Compensation Committee Interlocks and Insider Participation

There are no Compensation Committee interlocks between the Company and other entities involving the Company s Executive Officers and Directors who serve as executive officers or directors of such other entities. During 2014, no member of the Compensation Committee was a current or former officer or employee of the Company.

Review, Approval or Ratification of Transactions with Related Persons

The Board reviews issues involving potential conflicts of interest of its members and is responsible for reviewing and approving all related party transactions. The Board does not have a formal related party transaction policy but it considers each related party transaction individually.

Related Person Transactions

BlackRock, Inc., which owns beneficially more than 5% of the issued and outstanding shares of Common Stock, provides investment management services to the Company and has done so for more than 10 years. In 2014, the Company paid approximately $0.2 million in investment management fees to BlackRock and $0.4 million in fees associated with the Company s use of analytical software owned by BlackRock. Other than the BlackRock relationship, the Company does not have any contracts or other transactions with related parties that are required to be reported under the applicable securities laws and regulations.

PROPOSAL NO. 2 - APPROVAL OF THE HORACE MANN EDUCATORS CORPORATION 2010 COMPREHENSIVE EXECUTIVE COMPENSATION PLAN AS AMENDED AND RESTATED

Introduction

At the Annual Meeting, Shareholders will be asked to approve the HMEC 2010 Comprehensive Executive Compensation Plan (CECP) as amended and restated. The principal change in the amended and restated CECP is to add 3.25 million shares of common stock (Stock) to the number authorized for issuance thereunder. Some technical and updating changes have also been made. Terms used in the discussion of this Proposal have the same meaning as defined in the CECP.

The CECP was originally approved at our 2010 Annual Meeting of Shareholders and became effective on May 27, 2010. When the CECP was created in 2010, it contained an original authorization of 1,913,608 shares of Stock plus the number of shares subject to awards under the CECP and the Preexisting Plans (as defined in the CECP) which became available in accordance with Section 5.02 of the CECP after May 27, 2010. An amendment to the CECP adding 2.2 million shares of Stock to the authorization was approved at our 2012 Annual Meeting of Shareholders on May 23, 2012. As of March 15, 2015, 11,016,749 shares of Stock have been subject to awards granted or otherwise issued under the CECP, leaving only 783,251 shares for future grants. The reason for the requested increase is to make shares available for future grants under the CECP. The Board continues to believe that grants under the CECP constitute an excellent tool to motivate employees of the Company and to align their interests with Shareholders, as is discussed in more detail in the Compensation Discussion and Analysis contained herein. The increase in the number of shares is believed by the Board to be a reasonable number to provide flexibility to the Board to make such grants for a number of years to come. Because the amended and restated CECP materially increases the number of shares available, Shareholder approval is required by the listing standards of the New York Stock Exchange on which the Company s Stock is traded.

Shareholder approval of the CECP, including its performance criteria, is also necessary to permit the compensation expense recognized by the Company upon its payment of cash incentive awards to certain of its executive officers to qualify as performance-based compensation for purposes of Code Section 162(m). Under Code Section 162(m), the Company cannot claim a federal income tax deduction for compensation paid to its chief executive officer or any of its three other most highly compensated executive officers other than the chief financial officer, in excess of $1,000,000 in any year, unless the compensation qualifies as shareholder-approved performance-based compensation.

Compensation attributable to performance-based awards under the CECP is eligible to be considered as performance-based compensation for purposes of Code Section 162(m). Where, however, as under the CECP, the Committee has authority to change the performance criteria after Shareholder approval of the performance goals, the material terms of the performance goals must be disclosed and reapproved by shareholders no later than the first shareholder meeting that occurs in the fifth year following the year in which shareholders previously approved the performance goals. The CECP also contains some additions and clarifications to the performance goals. Performance-based awards paid pursuant to the CECP will not satisfy the requirements of Code Section 162(m) unless our Shareholders approve the amended and restated CECP.

For these reasons, on March 4, 2015, the Board unanimously approved the amendment and restatement of the CECP increasing the number of shares available for issuance by 3.25 million and adding to the list of authorized performance goals, subject to Shareholder approval, and recommends that Shareholders approve the amended and restated CECP. If Shareholders do not approve the amended and restated CECP, the CECP as previously approved will continue in effect and the Committee may continue to make share Awards under the CECP until the available shares of Stock are exhausted, but no such Awards, even if performance-based by their terms, will be considered performance-based for purposes of Code Section 162(m). If Shareholders approve the amended and restated CECP, it will become effective on the approval date (planned for May 20, 2015) (Restatement Effective Date).

As of March 15, 2015, 390,189 shares were subject to outstanding unvested Options under the CECP, with a weighted average exercise price of $27.12 and an average remaining term of 7.9 years. Also as of March 15, 2015, 349,327 shares of Stock were subject to outstanding vested Options under the CECP, with a weighted average exercise price of $18.80 and an average remaining term of 4.2 years. In addition, as of March 15, 2015, 734,288 shares of Stock were subject to outstanding unvested awards of restricted Stock units (RSUs) and 741,850 shares were subject to vested Awards for which settlement is deferred.

Description of the HMEC 2010 Comprehensive Executive Compensation Plan as Amended and Restated

The following is a brief description of the material features of the CECP. This description is qualified in its entirety by reference to the full text of the CECP, attached hereto as Exhibit 1.

General. The CECP is intended to attract, retain, motivate and reward employees, non-employee directors and other persons providing substantial services to the Company and its affiliates; to provide equitable and competitive compensation opportunities, including deferral opportunities; to encourage long-term service; to recognize individual contributions and reward achievement of Company goals; and to promote creation of long-term value for Shareholders by closely aligning the interests of employees and other participants with the interests of Shareholders. Insofar as it results in a deferral of income, it is intended to provide deferred compensation to a select group of management and highly compensated employees.

Eligibility. Executive officers and other employees of the Company and its affiliates, and non-employee directors, consultants and others who provide substantial services to the Company and its affiliates, are eligible to be granted awards and thereby become participants under the CECP. In addition, any person who has been offered employment by the Company or an affiliate may be granted awards, but such prospective grantee may not receive any payment or exercise any right relating to the award until he or she has commenced employment or the providing of services. Approximately 1,400 employees and 8 non-employee directors qualify to participate in the CECP as of March 15, 2015.

Administration. The CECP is administered by the Compensation Committee (the Committee), except that the full Board may itself perform any function of the Committee for purposes of the CECP except as otherwise limited by the By-laws of the Company or exchange listing requirements, and the full Board will act as the Committee for purposes of granting awards to non-employee Directors. (References in this summary to the Committee will include the Board when so acting.) Subject to the terms and conditions of the CECP, the Committee is authorized to select participants; determine the type and size of awards; specify grant, exercise and settlement dates, performance and deferral conditions; and all other matters relating to awards. The Committee is also authorized to prescribe forms of award agreements, specify rules and regulations relating to the CECP, amend award agreements, construe and interpret the CECP and make all other determinations which may be necessary or advisable for the administration of the CECP, in its discretion. Awards and Accounts are subject to the Company s policy on recoveries and such other terms and conditions as the Committee may impose in the event the Committee determines a participant s own misconduct contributed materially to his or her receipt of unearned amounts of cash, Stock or other property.

The Committee may act through subcommittees and delegate to management of the Company the authority to perform such functions, including administrative functions, as the Committee may determine. The CECP provides that members of the Committee and persons acting on the Committee s behalf shall not be personally liable, and shall be fully indemnified, in connection with any action, determination, or interpretation taken or made in good faith under the CECP.

Shares Reserved and Award Limits. The total number of shares that may be delivered pursuant to awards under the CECP is currently 783,251 shares of Stock available as of March 15, 2015 plus the number of shares subject to awards under the CECP which become available in accordance with Section 5.02 of the CECP. If the amendment and restatement to the CECP is approved, an additional 3.25 million shares of Stock will be reserved for issuance under the CECP.

Shares that become available because an Award is cancelled, expired, forfeited, or otherwise terminated or settled without delivery of shares will again be available for Awards. All of the shares reserved may be delivered in connection with any type of award, including full value Awards (which are Awards other than Options, stock appreciation rights (SARs) and Awards under which the participant has paid the intrinsic value, either directly or in exchange for (or by foregoing) a right to receive a cash payment from the Company equal to the intrinsic value of the Award); provided, however, that any Stock underlying Options or SARs shall be counted against the share limit on a one-for-one basis and any Stock granted as full-value Awards shall be counted against the share limit as two and one half (2.5) shares for every one (1) share subject to such Award.

The following shares of Stock are not added back to the aggregate number of shares of Stock available for delivery: (i) shares of Stock that were subject to an SAR that was settled in Stock, (ii) shares of Stock delivered to or withheld by the Company to pay the exercise price of an Option, (iii) shares of Stock delivered to or withheld by the Company to pay the withholding taxes related to an Award, or (iv) shares of Stock repurchased on the open market with cash proceeds from exercise of an Option.

Any shares of Stock that again become available for grant pursuant to Section 5.02 of the CECP are added back as one (1) share of Stock if such shares were subject to Options or stock appreciation rights, and as two and one half (2.5) shares of Stock if such shares were subject to full-value awards. All of the shares available may be granted with respect to incentive stock options (ISOs). Because the limitation applies to shares of Stock delivered, the Committee may grant Awards for more shares than are actually available. If such shares are not eventually authorized, such Awards will vest or be settled only in proportion to the number of shares available, and the balance of the Award will either be forfeited or paid in cash in the discretion of the Committee. Stock delivered under the CECP may be either newly issued or treasury shares.

For Awards that are intended to qualify as performance-based compensation not subject to the limitation on deductibility under Code Section 162(m), the CECP limits the amount of Awards that may be granted to any one participant in a given year to 500,000 shares, and the maximum amount payable as a cash award for any performance period may not exceed $2.5 million per calendar year. In the case of a multi-year performance period, the share limit and the dollar limit apply to each calendar year or portion thereof in the performance period. The above limits apply only to Awards under the CECP that are intended to qualify as performance-based for purposes of Code Section 162(m), and do not apply to other Awards or limit the Company s ability to enter into compensation arrangements outside of the CECP. Awards to non-employee directors (excluding elected fee deferrals) may not exceed $150,000 in value in any calendar year.

Adjustments to the aggregate number and kind of shares of Stock which may be delivered in connection with Awards or deferred cash accounts under the CECP (whether outstanding or to be granted), the share limitations described above, the exercise price, grant price or purchase price relating to any Award, and in the terms of common Stock equivalent units under the CECP are authorized (or if appropriate, the Committee may make provision for a payment of cash or property to the holder of an outstanding award), in the event of a large, special or non-recurring dividend or distribution, recapitalization, stock split, stock dividend, reorganization, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affecting the Stock. The Committee is also obligated to adjust outstanding Awards upon the occurrence of these types of events to preserve, without enlarging, the rights of participants with respect to such Awards. Such adjustments to Awards intended to qualify as performance-based must conform to requirements imposed by Code Section 162(m).

For more information on the total number of shares available under the Company s equity compensation plans and subject to outstanding options and other Awards and rights as of the end of the last fiscal year, see Equity Compensation Plan Information.

Awards - Overview. Awards under the CECP may generally be grouped into:

- Stock awards, including Options (which may be non-qualified Options or ISOs), stock appreciation rights (SARs), restricted Stock, RSUs, Stock granted as a bonus or in lieu of another award, dividend equivalents, or other Stock-based awards;
- Performance-based awards, which may be paid in cash or may be denominated in shares of Stock and/or settled by delivery of Stock.

The CECP also permits deferrals of certain amounts otherwise payable in cash through the deferred cash sub-plan. Deferrals of Stock Awards other than Options and SARs are also available. The following summarizes those Stock Awards, performance awards, and the deferred cash sub-plan.

Stock Options and SARs. The Committee may grant Options, including both ISOs, which can result in potentially favorable tax treatment to the participant, and non-qualified Options. ISOs may only be granted to employees. SARs may also be granted, entitling the participant to receive the excess of the fair market value of a share on the date of exercise over the SAR s designated base price. The exercise price of an Option and the base price of a SAR are determined by the Committee, but may not be less than the fair market value of a share of Stock on the date of grant. The maximum term of each Option or SAR will be ten years. Subject to this limit, the times at which each Option or SAR will be exercisable, the conditions and circumstances for exercise (including any performance goals and service requirements), the manner for payment of the exercise or base price and settlement of the Award (which is in Stock for Options but may be cash, Stock or other property for SARs) are as determined by the Committee.

Restricted Stock. The Committee may grant restricted Stock subject to such restrictions (which may include risks of forfeiture and transferability restrictions) as the Committee deems appropriate. Restrictions may lapse based on performance criteria or future service requirements. During the restriction period, restricted Stock may not be sold and will be forfeited in the event of termination of service in specified circumstances. Dividends paid on restricted Stock during the restriction period may be, as determined by the Committee, paid to the participant, reinvested in restricted Stock subject to the same restrictions, or paid on a deferred basis.

RSUs. The Committee may grant RSUs which give a participant the right to receive Stock at the end of a specified deferral period during which they are subject to a substantial risk of forfeiture. If authorized by the Committee, the settlement date may be deferred at the election of the grantee. RSUs may be settled in cash, Stock or other property.

Dividend Equivalents. The Committee may grant dividend equivalents. These are rights to receive cash, Stock or other property equivalent in value to the amount of dividends paid on a specified number of shares of Stock while an Award is outstanding. Dividend equivalents may be granted on a stand-alone basis or in conjunction with another Award, except that they may not be granted with respect to Options or SARs. Dividend equivalents may provide for payment when accrued or for deferral (and deemed invested in common Stock, awards, or other investment vehicles, and may be subject to risks of forfeiture, restrictions on transferability, and other conditions as the Committee determines). Dividend equivalents on performance-based Awards will be forfeited if the underlying Awards are forfeited or if the performance criteria are not satisfied or deemed satisfied.

Other Awards. The Committee may grant other Awards that are denominated or payable in cash, or valued in whole or in part by reference to, or otherwise based on or related to Stock. The Committee will determine the terms and conditions of such awards, including the consideration, if any, to be paid to exercise awards in the nature of purchase rights, the periods during which awards will be outstanding, and any forfeiture conditions and restrictions on awards. In addition, the Committee is authorized to grant Stock as a bonus free of restrictions, or to grant Stock or other awards (including cash) in lieu of obligations under other plans or compensatory arrangements, subject to such terms as the Committee may specify.

Performance-based Awards. The Committee may grant performance-based awards, which may be cash-denominated awards or Stock-based awards. Generally, performance-based Awards require satisfaction of pre-established performance goals, consisting of one or more business criteria and a targeted performance level with respect to such criteria as a condition of being granted or becoming exercisable or settleable, or as a condition to accelerating the timing of such events. Performance may be measured over a period of any length specified by the Committee. Performance is determined by such business criteria or other measures as the Committee deems appropriate. After the end of the performance period, the Committee determines the amount actually payable under the award, and has the discretion to reduce or increase the amount payable to any participant, except that discretionary increases may not be applied to awards intended to qualify as performance-based compensation under Code Section 162(m).

In the case of awards intended to qualify as performance-based compensation under Code Section 162(m), the Committee will select the business criteria used in establishing performance goals from among the following:

insurance premiums written, insurance premiums earned, contract deposits, contract charges earned, or policies or contracts in force;

increase in gross revenues;

income before realized investment gains and losses (operating income), before or after taxes, and income before or after interest, depreciation, amortization, or extraordinary, or, for accounting periods beginning after December 15, 2015, unusual or infrequently occurring or special items;

income before realized investment gains and losses (operating income) per common share (basic or diluted), and income before realized investment gains and losses (operating income) from continuing operations per common share (basic or diluted);

return on equity, return on assets (gross or net), return on investment, or return on capital;

market capitalization;

cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital;

book value of common Stock, including or excluding the effect of unrealized investment gains and losses (FAS 115 or any successor thereto);

net interest margin;

annuity accumulated value or annuity accumulated value persistency;

net investment income or realized investment gains or losses (including on a per share basis);

economic value created;

operating margin or profit margin;
expense, claims or loss ratios;

Stock price or total shareholder return;

shareholders equity or changes therein;

dividends, including as a percentage of net income;

strategic business criteria, consisting of one or more objectives based on meeting specified: market penetration or geographic business expansion goals, cost targets, market share, premium or surplus levels, customer satisfaction, employee satisfaction, management of employment practices and employee benefits, sales units, agent growth or goals relating to acquisitions, divestitures or joint ventures;

satisfaction of hiring goals;

financial or credit ratings;

results of objective customer satisfaction surveys;

satisfaction of diversity goals;

enterprise risk management; or

succession planning.

The Committee retains discretion to set the targeted level of performance for a given business criterion that will result in the earning of a specified amount under a performance-based Award. These goals may be set with fixed, quantitative targets, targets relative to past Company performance, or targets compared to the performance of other companies, including published or special indices covering multiple companies. The Committee may provide in any performance-based Award that any evaluation of performance may include or exclude unusually large catastrophe losses which aggregate (net of reinsurance) in excess of planned catastrophe losses; asset write-downs; litigation or claim judgments or settlements; the effect of changes in tax laws, accounting principles, regulations, or other laws or regulations affecting reported results; any reorganization and restructuring programs; acquisitions or divestitures; extraordinary items identified in the Company s audited financial statements, including footnotes, or, for accounting periods beginning after December 15, 2015, unusual or infrequently occurring or special items; annual incentive payments or other bonuses; or capital charges.

The Committee generally must establish the terms of performance-based Awards, including the applicable performance goals, the corresponding amounts payable (subject to per-person limits), and other terms of settlement, not later than the earlier of 90 days after the beginning of the performance period, or the date on which 25% of the performance period has elapsed. The Committee may establish an unfunded performance award pool based on the performance goals and criteria listed above, with the maximum amount payable to any participant in the pool being a stated percentage of the bonus pool (not in excess of 100% of the bonus pool in the aggregate).

Before settlement of a performance-based Award intended to qualify as performance-based compensation under Code Section 162(m), the Committee must certify the level of attainment of the performance goal and satisfaction of any other material terms of the performance-based Award. Determinations of the Committee with respect to such awards must be in writing.

Deferred Cash Sub-Plan. The CECP includes a separate sub-plan providing for deferrals of certain amounts otherwise payable in cash. Under the sub-plan, an employee of the Company or its affiliate eligible for long-term bonus compensation may elect to defer such compensation, and a non-employee Director may elect to defer all or a portion of his or her cash Director compensation. Deferral elections must be made before the start of the calendar year in which the compensation is earned (or within 30 days of the date an individual first becomes eligible for long-term bonus compensation or becomes a non-employee Director).

Deferred amounts are converted into fully vested RSUs as of the date they would otherwise have been paid in cash (based upon the fair market value of Stock on that date) and credited to a Stock equivalent account, and (except for individuals whose separation from service occurs before the dividend record date), also credited with dividend equivalents. Deferred Stock equivalent accounts are distributed on a distribution date, and in a lump sum or installment form, as elected by the participant. Such elections must be made before the start of the calendar year in which the compensation is earned (or becoming a new participant) and may not be changed thereafter, except that distributions may be made upon an unforeseeable emergency or upon a Change in Control.

The Company intends that amounts deferred under the sub-plan be either exempt from or comply with the restrictions on deferred compensation under Code Section 409A.

Change in Control. In the event of a Change in Control, unless otherwise provided in the Award agreement, the Committee may without the consent of the participant provide for the assumption or substitution of, or adjustment to, any outstanding Award, the acceleration of the vesting of the Award and termination of any restrictions or performance conditions on the Award, or the cancellation of the Award or agreement for payment to the participant in cash or other property, and may provide for such changes to occur upon the Change in Control or upon separation from service within a fixed time after the Change in Control.

For these purposes a Change in Control generally occurs if (i) any one person or group becomes the owner of more than 50% of the fair market value or total voting power of the stock of the Company through any combination of previously owned stock or stock acquisitions, (ii) if any one person or group acquires 30% or more of the fair market value or total voting power of the stock of the Company through acquisitions over a 12-month period, or (iii) a majority of the Company s Board of Directors is replaced during any 12-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Company s Board before the date of the appointment or election. For awards granted after the Restatement Effective Date of the CECP, a Change in Control will also occur upon consummation of a sale or other disposition of all or substantially all the assets of the Company, provided that any one person or group acquires 40% or more of the fair market value of the Company s assets.

However, notwithstanding the above, for awards granted after the Restatement Effective Date, a Change in Control will not occur because of (i) an acquisition of Stock or assets by the Company, an affiliate of the Company, or a benefit plan of the Company (ii) a merger or similar transaction where the pre-change shareholders of the Company own substantially all of the post-change Company in the same proportions, (iii) an issuance of Stock directly by the Company to a person or group to raise capital or make an acquisition, provided such person or group does not own more than 50% of the

post-issuance outstanding Stock, or (iv) an asset transfer to a Shareholder in exchange for stock, or to a person or group controlling, controlled by or under common control with the Company, where control means ownership of 50% or more of the voting power of the stock or other voting interests in the controlled entity.

For awards granted before May 27, 2010, unless the Award agreement provides otherwise, Change in Control occurs upon (i) approval by Shareholders of a merger, reorganization, consolidation, or similar transaction in which the Company is not the surviving corporation or in which common Stock would be converted to cash, securities or other property, other than a merger in which the ownership percentage of any Shareholder is not decreased by 10% or more (except by virtue of odd lot transactions), (ii) Shareholder approval of a liquidation, dissolution or sale of substantially all assets, (iii) any person becomes the owner, directly or indirectly, of more than 50% of the Company, and

(iv) certain changes of more than half of the membership of the Board of Directors.

Awards that are deferred compensation subject to Code Section 409A will become vested, any applicable restrictions shall lapse, and the Award will be settled as soon as practicable, if the participant has a separation from service initiated by the Company or an affiliate other than for cause within one year after the Change in Control; and deferred Stock equivalent accounts under the deferred cash sub-plan will be paid in cash within 10 days after the Change in Control. For these purposes the Change in Control must meet the applicable definition above and must also be a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of regulations under Code Section 409A.

The Committee may provide for a different definition of Change in Control, and different consequences for a Change in Control, in any Award agreement.

Amendment and Termination. The Board, on recommendation of the Compensation Committee, may amend or terminate the CECP without Shareholder approval, unless such approval is required to enable the CECP to satisfy any applicable federal or state statutory or regulatory requirements. However,

- no such Board action may materially and adversely affect an outstanding Award (or existing account) without the consent of the participant;

- the Committee may not amend or replace previously granted Options in a transaction that constitutes a repricing under New York Stock Exchange rules; and

- no amendment or termination of the CECP may accelerate the date of payment or distribution of any deferred compensation subject to Code Section 409A.

Unless earlier terminated, the CECP will terminate at such time that no shares reserved under the CECP remain available and the Company has no further obligation with respect to any outstanding Award, except no ISOs may be granted more than 10 years after March 4, 2015.

Federal Income Tax Implications of the HMEC 2010 Comprehensive Executive Compensation Plan as Amended and Restated

The Company believes that under law in effect on March 15, 2015 the following federal income tax consequences generally would arise with respect to awards under the CECP. The following discussion of federal income tax consequences of the CECP is intended to be a summary of applicable federal law in effect as of March 15, 2015. It should not be taken as tax advice by CECP participants, who are urged to consult their individual tax advisors.

Options and SARs that are not deemed to be deferral arrangements under Code Section 409A would have the following tax consequences: the grant of an Option or a SAR will create no federal income tax consequences for the participant or the Company; a participant will not have taxable income upon exercising an Option that is an ISO, except that the alternative minimum tax may apply. Upon exercising an Option that is not an ISO, the participant generally must recognize ordinary income equal to the difference between the exercise price and the fair market value of the freely transferable and non-forfeitable shares acquired on the date of exercise. Upon exercising a SAR, the participant must generally recognize ordinary income equal to the cash or the fair market value of the Stock received.

Upon disposition of Stock acquired from the exercise of an ISO before the end of the applicable ISO holding period, the participant must generally recognize ordinary income equal to the lesser of (i) the fair market value of the ISO shares at the date of exercise minus the exercise price or (ii) the amount realized upon the disposition of the ISO shares minus the exercise price. Otherwise, a participant s sale of Stock acquired by exercise of an Option generally will result in short-term or long-term capital gain or loss measured by the difference between the sale price and the participant s tax basis in such Stock. The tax basis normally is the exercise price plus any amount the participant recognized as ordinary income in connection with the option s exercise. A participant s sale of Stock acquired by exercise of an SAR generally will result in a short-term or long-term capital gain or loss measured by the difference between the sale price and the tax basis in the Stock, which generally is the amount the participant recognized as ordinary income in connection with the SAR s exercise.

The Company normally can claim a tax deduction equal to the amount recognized as ordinary income by a participant in connection with an Option or SAR, but not relating to a participant s capital gains. Accordingly, the Company will not be entitled to any tax deduction with respect to an ISO if the participant holds the Stock for the applicable ISO holding period before selling the Stock.

Some Options and SARs, such as those with deferral features and a SAR settleable in cash, may be subject to Code Section 409A, which regulates deferral arrangements. In such cases, the distribution to the participant of Stock or cash relating to the Award would have to meet certain restrictions in order for the participant not to be subject to tax and a tax penalty at the time of vesting. One significant restriction would be a requirement that the distribution not be controlled by the participant s discretionary exercise of the Option or SAR (subject to limited exceptions). If the distribution and other award terms meet applicable requirements under Code Section 409A, the participant would realize ordinary income at the time of distribution, with the

amount of ordinary income equal to the distribution date fair market value of the Stock less any exercise price actually paid. The Company would not be entitled to a tax deduction at the time of exercise but would become entitled to a tax deduction at the time Stock is delivered at the end of the deferral period.

Awards other than options and SARs that result in a transfer to the participant of cash or Stock or other property generally will be structured under the CECP to meet applicable requirements under Code Section 409A. If no restriction on transferability or substantial risk of forfeiture applies to amounts distributed to a participant, the participant generally must recognize ordinary income equal to the cash or the fair market value of shares actually received. Thus, for example, if the Company grants an Award of vested RSUs or requires or permits deferral of receipt of cash or shares under a vested award, the participant should not become subject to income tax until the time at which

Shares are actually delivered, and the Company s right to claim a tax deduction will be deferred until that time. However, if a restriction on transferability and substantial risk of forfeiture applies to Shares or other property actually distributed to a participant under an Award (such as, for example, a grant of restricted Stock), the participant generally must recognize ordinary income equal to the fair market value of the transferred amounts when either the transferability restriction or risk of forfeiture lapses, whichever is earlier. In all cases, the Company can claim a tax deduction in an amount equal to the ordinary income recognized by the participant as long as the deductibility limitations of Code Section 162(m) do not apply, as discussed below. A participant may elect to be taxed at the time of grant of restricted Stock or other property rather than upon lapse of restrictions on transferability or the risk of forfeiture, but if the participant subsequently forfeits such Stock or property he or she would not be entitled to any tax deduction, including as a capital loss, for the value of the Stock or property on which he or she previously paid tax.

Any award that is deemed to be a deferral arrangement (excluding certain exempted short-term deferrals), and amounts deferred under the deferred cash sub-plan, will be subject to Code Section 409A. Certain participant elections and the timing of distributions relating to such awards or deferrals must meet requirements under Code Section 409A in order for income taxation to be deferred and tax penalties avoided by the participant upon vesting of the award or deferral.

As discussed above, compensation that qualifies under Code Section 162(m) as performance-based compensation is excluded from the $1 million deductibility cap of Code Section 162(m) and therefore remains fully deductible by the company that pays it. Under the CECP, options and SARs granted with an exercise price or base price at least equal to 100% of fair market value of the underlying Stock at the date of grant, annual incentive awards to employees, and certain other awards conditioned upon achievement of performance goals may in the Committee s discretion, be designed to qualify as such performance-based compensation. The Committee may also grant Awards that do not qualify as performance-based compensation under Code Section 162(m). A number of requirements must be met in order for particular compensation to so qualify. The rules and regulations promulgated under Code Section 162(m) are complicated and subject to change from time to time, sometimes with retroactive effect. As such, there can be no assurance that such compensation under the CECP will be deductible. In addition, other time-vested awards under the CECP, such as restricted Stock and RSUs, generally will not so qualify, so that compensation paid in connection with such awards, to the extent it and other compensation subject to Code Section 162(m) s deductibility cap exceed $1 million in a given year, may not be deductible by the Company as a result of Code Section 162(m).

The foregoing provides only a general description of the application of federal income tax laws to certain Awards under the CECP. This discussion is not intended to be tax guidance, as the consequences may vary with the types of awards made, the method of payment or settlement, and individual circumstances. The summary does not address the effects of other federal taxes (including possible golden parachute excise taxes) or taxes imposed under state, local, or foreign tax laws. The summary is not intended or written to be used, and cannot be used, for the purposes of avoiding tax penalties.

New Plan Benefits Under the HMEC 2010 Comprehensive Executive Compensation Plan as Amended and Restated

The benefits that will be awarded or paid in the future under the CECP are not currently determinable. Such awards are within the discretion of the Committee, and the Committee has not determined future awards or who might receive them. Information about awards granted in fiscal year 2014 under the CECP to the Company s Named Executive Officers can be found in the Compensation Discussion and Analysis table under the heading Grants of Plan-Based Awards in this Proxy Statement. As of March 15, 2015, the closing price of a share of the Company s common Stock was $33.27.

The Board of Directors considers the amendment and restatement of the HMEC 2010 Comprehensive Executive Compensation Plan to be in the best interests of the Company and its Shareholders and therefore recommends that Shareholders vote FOR approval of the HMEC 2010 Comprehensive Executive Compensation Plan as amended and restated which will make 3.25 million additional shares of Stock available under the Plan.

PROPOSAL NO. 3 - ADVISORY RESOLUTION TO APPROVE NAMED EXECUTIVE OFFICERS COMPENSATION

The Board is asking Shareholders to approve an advisory resolution to approve the compensation of the Company s Named Executive Officers (NEOs) as reported in this Proxy Statement. The Compensation Committee has structured our NEOs compensation program as described below under Compensation Discussion and Analysis .

The Board recommends that Shareholders read the Compensation Discussion and Analysis (CD&A) included in this Proxy Statement, which describes in more detail how our Executive Compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative included within the CD&A, which provide detailed information on the compensation of our NEOs. The Compensation Committee and the Board of Directors believe that the policies and procedures articulated in the CD&A are effective in achieving our goals.

In accordance with Section 14(a) of the Exchange Act, and as a matter of good corporate governance, the Board is asking Shareholders to approve the following advisory resolution at the 2015 Annual Meeting:

RESOLVED, that the Shareholders of Horace Mann Educators Corporation (the Company) approve, on an advisory basis, the compensation of the Company s Named Executive Officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the Proxy Statement for the Company s 2015 Annual Meeting of Shareholders.

This advisory resolution, commonly referred to as a Say on Pay resolution, is non-binding on the Board of Directors. Although non-binding, the Board and the Compensation Committee will review and consider the voting results when making future decisions regarding our NEOs compensation program.

The Board has adopted a policy providing for an annual advisory vote to approve NEOs compensation. Unless the Board modifies its policy on the frequency of holding such advisory votes, the next advisory vote will occur at the Company s 2016 Annual Meeting of Shareholders.

The Board recommends that Shareholders vote FOR the approval of the advisory resolution to approve Named Executive Officers compensation.

Compensation Discussion and Analysis

In this section, we describe the material components of our executive compensation program for our Named Executive Officers, or NEOs, whose compensation is displayed in the 2014 Summa Compensation Table and the other compensation tables contained in this Proxy Statement. We also provide an overview of our executive compensation philosophy and we explain how and why the Compensation Committee (the Committee) arrives at specific compensation policies and decisions.

Our 2014 NEOs are our Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the three most highly compensated Executive Officers employed at the end of 2014:

Marita Zuraitis, President and Chief Executive Officer;

Dwayne D. Hallman, Executive Vice President and Chief Financial Officer;

Stephen P. Cardinal, Executive Vice President and Chief Marketing Officer;

Matthew P. Sharpe, Executive Vice President, Annuity and Life; and

John P. McCarthy, Senior Vice President and Chief Human Resources Officer.

Executive Summary

This summary highlights information from this Compensation Discussion and Analysis section and may not contain all the information that is necessary to gain a full understanding of our policies and decisions. Please read the entire Compensation Discussion and Analysis section and compensation tables for a more complete understanding of our compensation program.

Our Business

We are a personal insurance and financial services business with approximately $9.8 billion of assets as of December 31, 2014. *Founded by Educators for Educators*®, we offer our products and services primarily to K-12 teachers, administrators, and other employees of public schools and their families. We underwrite personal lines of auto, property and life insurance, and retirement annuities in the United States of America.

2014 Business Highlights

The Company delivered solid underlying financial results across all three segments of its multiline insurance platform in 2014. Full year operating income was $2.30 per diluted share. Book value per share* increased 7% in 2014 driven by the solid operating results and positive contributions from investment portfolio performance. In addition, broad-based increases in new business sales and solid policy retentions were achieved during the past year. Total Shareholder Return was 9.5% in 2014 and slightly underperformed key insurance indices. However, since January 1, 2012 and January 1, 2013 the total shareholder return was approximately 165% and 77%, respectively, and outperformed key insurance indices.

* Excluding the fair value adjustment for investments

These results reflect significant progress on numerous strategic initiatives, including:

- Increased sales levels year-over-year in all lines of business excluding property
- New auto sales premium increased 6%
- Horace Mann agency annuity sales increased 26% led by the new fixed indexed annuity product
- Horace Mann life product sales increased 31%
- Strong auto and property retention ratios
- Improved profitability in the underlying auto book of business
- Increased annuity assets under management by 6%
- Improved annuity profitability

Please see Management s Discussion and Analysis of Financial Condition and Results of Operations in HMEC s 2014 Annual Report on Form 10-K for a more detailed description of these financial results.

Highlights of Pay Practice and Governance

Balanced pay mix comprised of Base Salary, Long-term Equity Incentive Awards, and Annual Cash Incentives

Over 69% of the CEO s target compensation and over 58% of all other NEOs target compensation is linked to performance and service-based incentives and is at risk

Balanced performance measures designed with a focus on shareholder return and incenting profitable growth while managing risk

Performance incentives tied to multiple overlapping performance periods

Annual Incentive Plan tied to absolute performance measures; Long-term Incentive Plan tied to relative performance measures

Long-term Incentives are entirely equity based

Ø Service-based stock options with a 4-year vesting period

Ø Performance-based RSUs vest following a 3-year performance period

Ø Service-based RSUs with a 3-year vesting period

Stock Ownership Requirements for NEOs (500% of salary for CEO, 350% of salary for other NEOs) and a 12-month post-exercise holding requirement on stock options

Clawback Policy applicable to both cash and equity awards

Executive Change in Control Plan excludes tax gross-up provisions

Strong Pay for Performance

We target compensation around the median of the competitive market, with executives earning more or less than median based on the performance of the Company and value delivered to Shareholders. The overall executive compensation program includes base salary, long-term equity awards, and annual cash incentives. Incentive awards are earned upon the achievement of short-term and long-term business goals that are reviewed and approved by the Committee at the beginning of each performance period. Performance goals are structured to reward for business growth and profitability, balanced with productivity and risk and capital management.

Long-term Incentive Plan

Our Long-term Incentive for 2103 and 2014 is comprised of three vehicles, performance-based RSUs, service-based RSUs and stock options, as described below. The performance-based RSUs provide an effective vehicle for rewarding executives based on a three-year performance period and have a high value in promoting executive retention. The performance-based RSUs, along with the service-based RSUs and stock options provide strong alignment with Shareholder interests and assist in the retention of key executive talent.

Long-term Incentive Vehicles

Performance-based RSUs - Earned over a three-year period, based upon Relative Measures. If any shares are earned at the end of the three-year performance period, the executive fully vests in the award

Service-based RSUs - Vest 1/3 per year after years 3, 4 and 5

Stock options - Granted at fair market value with a 10 year life; options vest ratably over 4 years

2013-2015 Performance-based RSU Measures

Total Shareholder Return Relates to the Total Shareholder Return for the three-year period measured against a peer group of companies

Operating Return on Equity Relates to the average annual Operating Income return on average equity for the three-year period measured against a peer group of companies

Operating Earnings per Share Growth Relates to the total percentage increase or decrease in Operating Earnings per share for the three-year period measured against a peer group of companies

2014-2016 Performance-based RSU Measures

Operating Return on Equity - Relates to the average annual Operating Income return on average equity for the three-year period measured against a peer group of companies

Total Shareholder Return - Relates to the Total Shareholder Return for the three-year period measured against a peer group of companies

These two measures focus on the effective use of capital and delivering on growth objectives while retaining our strong alignment with shareholder interests.

Annual Incentive Plan

The Annual Incentive performance measures provide balance between shareholder return (Operating income - 50%) and growth (sales and revenues - 50%). Further, these measures were designed to complement the metrics of the Long-term Incentive which focus on long-term shareholder value creation. The performance measures correspond to plan objectives approved by the Committee. The Annual Incentive is paid in cash.

2014 Annual Incentive Performance Measures

Adjusted Operating Income - Operating income (GAAP net income after tax, excluding realized investment gains and losses) adjusted for Property & Casualty (P&C) catastrophe costs different than Plan, Annuity & Life deferred acquisition costs (DAC) unlocking / change in guaranteed minimum death benefit (GMDB) reserve due to capital gains and losses and market performance different than Plan, and the impact of share repurchases on investment income

P&C Net Premium Written (GAAP) - Amount charged for property and casualty policies issued during the year; portions of such amounts may be earned and included in financial reports over future periods

Annuity Sales - The amount of new business from the sales of Horace Mann annuity products, from Horace Mann and independent agents, as measured by premiums and deposits to be collected over the 12 months following the sale

Life Sales - The amount of new Horace Mann individual life insurance products sold during the year, as measured by premiums and deposits to be collected over the 12 months following the sale

Committee Oversight

The Committee oversees the compensation program for our NEOs. The compensation program is designed to provide a direct and clear link between the performance of the Company and executive pay. To assist in the construct of the compensation program design, the assessment of the program s relevance to current market trends and the analysis of the program s effectiveness, the Committee retained Compensation Advisory Partners LLC (CAP) as independent compensation consultants who report directly to the Committee. CAP attends Committee meetings, including portions of executive sessions, and serves solely at the pleasure of the Committee.

In addition, the Committee believes its oversight of executive compensation is strongly enhanced by the on-going education of each Committee member on emerging legislation, regulatory guidelines and industry best practices. This is done through review of topical publications, participation in webcasts, attendance at seminars and conferences on executive compensation and formal updates by CAP and other external experts during Committee meetings. Committee members provide management and CAP with topics for presentation and discussion prior to each meeting. During the Committee meetings, Committee members, the Board s outside legal counsel, management and CAP discuss executive compensation, benefits and related issues and their relevancy to the Company, its Shareholders and its executive compensation program. The Committee has an executive session, without management present, during each of its meetings.

Stock Ownership & Holding Requirements

The Company s Long-term Incentive Plan has been 100% equity-based since 2009. The equity is
comprised of a combination of stock options, performance-based RSUs and service-based RSUs.
Paying these incentives solely in equity-based instruments and requiring executives to meet
specific stock ownership requirements further serves to align our executives and Shareholders
interests. As part of its 2014 overall review of the executive compensation program, the
Committee determined the existing multiples of base salary stock ownership requirements for the
Executive Officers were appropriate and would be continued in 2015. The

Stock Ownership Requirements

CEO	**500% (1)**
All other NEOs	**350% (1)**

(1) Percentage of base salary

CEO is required to accumulate and maintain beneficial stock ownership with a book value of at least 500% of base salary and all other NEOs to accumulate and maintain beneficial stock ownership with a book value of at least 350% of base salary. Currently, our NEOs are required to satisfy stock ownership levels within five years of attaining their position. Beginning with the March 9, 2011 stock option grants, the NEOs are required to hold shares equivalent to any proceeds from a long-term incentive stock option exercise, net of exercise price and related taxes and the costs of the exercise, for a minimum of twelve months after the date of exercise. All NEOs have met or are on target to meet the stock ownership requirements.

Annual Performance & Pay Review

To further reinforce the tie between Company results and compensation, each executive officer s performance is reviewed by the Committee every 12 months, coinciding with the review of corporate performance results. Each executive officer is reviewed not only on prior year business results but also on the individual s demonstration of leadership skills and progress on specific strategic initiatives and other key priorities. The Committee also considers any adjustments to base salary, long-term incentive opportunity and annual incentive opportunity at this review.

The Committee recognizes the need to have market-competitive compensation opportunities to attract, retain, and reward high performing executive talent. CAP reviews our executive compensation and compensation practices relative to the competitive market. Overall, our total target compensation is comparable to the market median, with above-target performance allowing for the possibility of total compensation greater than market median and below-target performance resulting in total compensation below market median.

Risk Assessment

Our programs are structured to discourage excessive risk-taking through a balanced use of compensation vehicles and metrics with an overall goal of delivering sustained long-term shareholder value while aligning our executives interests with those of our Shareholders. To this end, management and CAP conduct, and the Committee and the Board s outside legal counsel reviews, an annual risk analysis of the compensation plans and incentive metrics. Our programs require that a substantial portion of each executive officer s compensation be contingent on delivering performance results that benefit our Shareholders. In addition, a significant portion of our NEOs compensation is delivered in equity over a multi-year timeframe and each executive is expected to satisfy meaningful stock ownership requirements as well as comply with holding requirements. Furthermore, incentive compensation is subject to clawbacks. Similarly, we have stock ownership requirements for our non-employee Directors which are described under Director Compensation. The Compensation Committee has been advised by the Board s outside legal counsel and agrees that no unreasonable risk exists that a compensation policy or incentive plan would have a material adverse impact on the Company.

Succession Planning Process

To further mitigate enterprise risk and ensure the Company does not suffer sustained gaps in leadership, the Committee approves, oversees and monitors the Company s succession planning process. This process identifies candidates that have the skill sets, background, training, and industry knowledge to assume critical positions on an emergency basis and also for the long-term executive succession plan. The Company s succession plan is reviewed by the full Board annually.

Minimal Use of Employment Agreements

As of the time of this Proxy Statement, the Company did not have any individual employment agreements with any executive and intends to continue to minimize their use, while recognizing that in isolated situations they may be needed for attraction and retention of key executive talent.

Change in Control and Elimination of Prospective Gross-ups

Four of the NEOs are covered under the Horace Mann Service Corporation Executive Change in Control Plan (Executive CIC Plan). This plan provides double trigger benefits and does not contain a tax gross-up provision. The Company does have an individual change in control severance agreement with Mr. Hallman, which provides severance pay, including a parachute tax gross-up payment, in the event of an actual or constructive termination of employment within a fixed time after a change in control of the Company, as defined in the agreement (a double trigger). The Committee has determined that, while it cannot change unilaterally any existing change in control severance agreements with current executives, it does not plan to include tax gross-up provisions in any future agreements.

Clawbacks

The Committee further believes that our compensation program should reward performance that supports the Company s culture of integrity through compliance with applicable laws and regulations and our codes of ethics and conduct. As a further step to support that belief, the Committee has determined that all executive officers are subject to the same standards as the CEO and CFO regarding cash compensation clawbacks as defined under Section 404 of the Sarbanes-Oxley Act of 2002. In addition, under the HMEC 2010 Comprehensive Executive Compensation Plan (CECP), the Company has the right to recover any cash or equity award if it is determined that an executive s own misconduct contributed materially to the executive s receipt of an award. New guidance under the Dodd-Frank Act related to clawbacks is anticipated and the Company will modify the current clawback provisions, if necessary, to comply with this legislation when guidance is released.

Favorable Say on Pay

Based on the structure of the compensation plans, the absence of excessive perquisites, the demonstrated pay-for-performance practices and the strength of the Company s compensation processes and practices, the Committee recommended and the Board has approved an annual Say on Pay advisory vote by Shareholders. At our 2014 Annual Meeting of Shareholders, we received substantial support for the compensation of our NEOs, with 96.3% of the votes cast in favor of the Say on Pay advisory vote on executive compensation. The Compensation Committee and the Board appreciate and value the views of our Shareholders. In considering the results of this advisory vote, the Compensation Committee was pleased that a significant majority of our Shareholders approved the proposal, showing strong support for the structure of the compensation plans, the absence of excessive perquisites, the demonstrated pay-for-performance practices and the strength of the Company s compensation processes and practices.

Hedging Prohibition

NEOs and other Reportable Insiders are prohibited from engaging in hedging transactions in HMEC common stock.

Pledging Prohibition

Beginning in 2013, NEOs and other Reportable Insiders have been prohibited from pledging their HMEC common stock shares.

Perquisites and Personal Benefits

We provide limited perquisites, which are commonly provided among our peer companies. Please see the Summary Compensation Table for further details.

Executive Compensation Program

Oversight

The Committee oversees our executive compensation program. The current members of the Committee are Dr. Futrell, Mr. Hasenmiller, Mr. Shaheen, and Mr. Stricker. Mr. Shaheen serves as the Committee Chair. Consistent with the listing standards of the NYSE, the Committee is composed entirely of independent Directors.

The Compensation Committee is composed entirely of independent Directors.

The Committee has retained CAP to provide information and advice on the competitive market for executive talent, evolving market practices in our industry and the general employment market, regulatory and other external developments, and our executive compensation philosophy and incentive program design. The CAP consultants report directly to the Committee, attend the Committee meetings and portions of executive sessions of the Committee at the Chair s request and serve at the pleasure of the Committee. CAP performs no other services for management or the Committee. CAP works with management to obtain necessary data and perspectives on the Company s strategic objectives, business environment, corporate culture, performance and other areas. This information is used by CAP to formulate its recommendations related to competitive compensation performance targets and overall design. CAP s findings and recommendations are reported directly to the Committee. The services provided by CAP during 2014 are described in more detail throughout this analysis. Pursuant to regulatory requirements, the Committee has assessed CAP s independence and concluded that CAP s work did not raise any conflict of interest. In addition, the Committee has the authority to hire other experts and advisors as it deems necessary.

Management also supports the Committee by providing analysis and recommendations. When setting levels of executive compensation, the Committee requests, receives and considers the recommendations of the CEO regarding the performance of her direct reports and other Executive Officers. Members of the management team from Human Resources also attend and contribute to Committee meetings as relevant to the Committee agenda.

The Committee discusses its fundamental views on compensation and guiding principles, as well as its expectations of the CEO s performance and annual goals, with the CEO and subsequently proposes the CEO s goals to the Board for approval. The Committee does not include the CEO or other members of management in its discussions with CAP on the CEO s compensation, nor does the CEO or management participate in the Committee s recommendation to the Board on the CEO s compensation. The Committee reviewed the performance and compensation of specified Long-term Incentive Plan (LTI) participants on a common review date concurrent with the annual review of the prior year s performance under the incentive plans.

Guiding Principles

The Committee has established the following core principles that underlie our executive compensation program:

Executive interests should be aligned with Shareholders;

Incentive compensation should be structured to drive long-term value creation and reward strong performance;

A significant portion of compensation should be at risk based on the Company s performance; and

Compensation levels should be market competitive.

Executive interests should be aligned with Shareholders

Our incentive plans facilitate stock ownership and include performance measures that drive long-term sustained shareholder value. The Company grants equity awards with multi-year performance periods to reward sustained performance and multi-year vesting to encourage retention. We allow deferrals of RSU awards and our executives are also required to satisfy meaningful stock ownership requirements. In 2014 through the Long-term Incentive Plan, we delivered approximately 43% of Ms. Zuraitis s compensation in equity. With respect to the other NEOs, approximately 42% to 43% of their compensation was delivered in equity.

Incentive compensation should be structured to drive long-term value creation and reward strong performance

Our executive compensation program includes significant equity-based and cash-based incentives intended to drive long-term and short-term value creation. The Long-term Incentive Plan delivers 50% of the long-term incentive opportunities in performance-based and 50% in service-based equity awards. The minimum vesting period for any equity award is three years and the maximum is five years. The Annual Incentive is solely performance-based and paid in cash.

A significant portion of compensation should be at risk based on the Company s performance

Over 65% of the CEO s target total pay is at risk and over 55% of target total pay for all other NEOs is at risk.

Generally, over 65% of the CEO s target total pay and over 55% of target total pay for all other NEOs (base salary plus target annual incentive plus target long-term incentive) is at risk, is variable from year to year, and demonstrates a strong link between pay and performance. To further enhance the pay-for-performance linkage, we incorporate performance relative to comparable companies into our long-term incentive measures.

Compensation levels should be market competitive

The Committee believes a competitive compensation program is critical in attracting and retaining top executives. Consequently, when making compensation decisions, the Committee considers the compensation opportunities provided to similarly situated executives at comparable companies as well as how compensation is delivered (e.g., short-term vs. long-term and fixed vs. variable).

Assessing Compensation Competitiveness

The Committee intends to set total direct compensation for the NEOs salary and target annual and long-term incentive opportunities within a reasonable range of the median of the competitive market, while providing the opportunity for additional compensation if warranted by performance. To determine competitive pay levels, we use comparable survey market data provided by our independent consultant, CAP, and from published survey sources including Mercer LLC, LOMA and Towers Watson. The data from these surveys is scaled to our size by CAP based on revenues or asset ranges as provided by the various surveys. The NEOs are assessed against comparable functional matches in the insurance industry and the broader general industry, as appropriate.

2014 Consultant Survey Sources

Mercer: Financial Services Survey

Mercer: US Executive Remuneration Suite

LOMA: Executive Compensation Survey

Towers Watson: Top Management Compensation Survey

Every year, CAP provides the Committee with a comparison of the base salary, annual incentives and long-term incentives of the CEO with those of other chief executive officers based on survey data. Based on the data, CAP makes recommendations for CEO compensation for the Committee s consideration. The Committee then deliberates in executive session to determine its recommendation for approval by the Board of Directors.

Towers Watson: Survey Report on Insurance Management Personnel Compensation

For 2014, the CAP analysis demonstrated that the average of 2014 total direct compensation was consistent with target pay positioning at the median of the market. This is consistent with the Committee s compensation philosophy.

Compensation Mix

We structure our executive compensation program to deliver the majority of pay through incentives driving both operating results and long-term value and positioning more than half of each NEO s pay at risk. The targeted compensation mix of total direct compensation for the NEOs at the beginning of 2014 is illustrated below. The mix of 2014 actual compensation varied as a result of actual incentives earned.

Base Salary

Competitive base salaries are critical to attracting and retaining high performing executive talent. The Committee seeks to pay salaries that approximate median industry salaries for executives of similar companies in like positions. In order to determine competitive positioning, the Committee requests CAP to assess compensation for the CEO and four other NEOs. CAP makes their comparisons based on industry norms, represented by survey compensation for comparable positions in the insurance industry and general industry, and this information is used as a reference point for the Committee. However, in recruiting new executives, these guidelines are sometimes exceeded to attract qualified candidates. There may also be instances where an existing executive s compensation deviates from the median, either up or down, due to performance, responsibilities, compensation history, internal equity and/or retention risk with no pre-determined goals assigned to such considerations.

Salaries for Executive Officers are reviewed every 12 months in connection with the review of financial results for the prior fiscal year. In addition to considering market data, the Committee reviews each executive s performance, including the accomplishment of key corporate, strategic, operational, financial and management goals, and upholding our standards of ethical conduct.

Name	2013 Annualized Salary	2014 Annualized Salary	Percent of 2014 Increase	Reason For Increase
Marita Zuraitis	$650,000	$704,000	8.31%	Merit increase based on strong performance
Dwayne D. Hallman	$430,008	$444,000	3.25%	Merit increase based on strong performance
Stephen P. Cardinal	$412,008	$429,000	4.12%	Merit increase based on strong performance
Matthew P. Sharpe	$325,008	$364,000	12.00%	Merit increase based on strong performance and to bring base salary closer to the median of the market
John P. McCarthy	NA	$300,000	NA	New hire in 2014

Long-term Incentive Plan

The Company awards long-term incentives to NEOs and other executives who can have the greatest impact on the Company s long-term success. Long-term incentives are intended to focus executives on driving operating performance as well as long-term value creation. They are also an effective vehicle for attracting and retaining executive talent. All long-term incentive grants are made under the Company s 2010 Comprehensive Executive Compensation Plan. As discussed previously, the Company s Long-term Incentive Plan is comprised of three vehicles, performance-based RSUs, service-based RSUs and stock options.

(1) Graph represents percent of target performance-based awards earned in the year the long-term incentive measurement period ended. Performance-based RSUs comprise 45-50% of the total long-term incentive opportunity.

(2) Due to the Company adopting a three-year performance period in 2013, the next performance period will end in 2015, and therefore no results are shown for 2014.

In setting targets for performance-based RSUs under the Long-term Incentive Plan, the Committee considers, among other things, the external competitive and financial markets environment, the strategic goals of the Company, internal financial projections, and the difficulty of meeting those goals and projections. For the five most recently completed performance periods, awards earned under the Long-term Incentive Plan have ranged from 0% to approximately 176% of target, with an annual average of 103.4% of target for the performance periods, as illustrated in the graph above.

The variability and average level of the awards earned confirms the Committee s practice of establishing reasonable yet aggressive goals for the Company s Long-term Incentive Plan.

The intent of the program is to focus executives on shareholder value and key strategic objectives, while promoting retention and recognizing the market trend to deliver long-term incentives through a mix of equity-based compensation vehicles. Further, in combination with the cash component of the Annual Incentive Plan (AIP), the compensation program provides a meaningful incentive without encouraging excessive risk taking. To ensure that our executives interests are aligned with those of our Shareholders, our executives are required to invest and defer earned and vested RSU awards until their stock ownership requirements are met.

Long-term Incentive Plan Design and Target Setting

2013-2015 Long-term Incentive Plan Grants and Awards

The 2013 awards were 100% equity-based and were comprised of 50% performance-based RSUs, 20% service-based RSUs and 30% service-based stock options. All measures are defined as relative, specified performance levels measured against a peer group of companies. The peer group of companies is made up of all insurance companies included in the Russell 2000® Index, except for brokerages, reinsurance, financial guarantee and health companies. The performance measures and targets for the performance-based RSUs are as follows:

2013-2015 Performance Measures (1)	Measurement Weighting	2013-2015 Performance Period Targets	Absolute vs. Relative

Operating Earnings per Share Growth	30%	50th Percentile of Peer Group	Relative
Operating Return on Equity	30%	50th Percentile of Peer Group	Relative
Total Shareholder Return	40%	50th Percentile of Peer Group	Relative
Total	100%		

(1) The Performance Measures, as defined under the Long-term Incentive Plan, include:

Operating Earnings per Share Growth Relates to the total percentage increase or decrease in Operating Earnings per share for the three-year period measured against a peer group of companies.

Operating Return on Equity Relates to the average annual Operating Income return on average equity for the three-year period measured against a peer group of companies.

Total Shareholder Return Relates to the Total Shareholder Return for the three-year period measured against a peer group of companies.

2014-2016 Long-term Incentive Plan Grants and Awards

The 2014 awards were 100% equity-based and were comprised of 50% performance-based RSUs, 20% service-based RSUs and 30% service-based stock options. All measures are defined as relative, specified performance levels measured against a peer group of companies. The peer group of companies is made up of all insurance companies included in the Russell 2000® Index, except for brokerages, reinsurance, financial guarantee and health companies. The two relative performance measures for the 2014-2016 performance period operating return on equity and total shareholder return continue to support the objective of out-performing our peers as the Company focuses on investments needed in the next three years to allow for strategic growth. These two measures focus on the effective use of capital and delivering on growth objectives while retaining our strong alignment with Shareholder interests. The performance measures and targets for the performance-based RSUs are as follows:

2014-2016 Performance Measures (1)	Measurement Weighting	2014-2016 Performance Period Targets	Absolute vs. Relative
Operating Return on Equity	50%	50th Percentile of Peer Group	Relative
Total Shareholder Return	50%	50th Percentile of Peer Group	Relative
Total	100%		

(1) The Performance Measures, as defined under the Long-term Incentive Plan, include:

Operating Return on Equity Relates to the average annual Operating Income return on average equity for the three-year period measured against a peer group of companies.

Total Shareholder Return Relates to the Total Shareholder Return for the three-year period measured against a peer group of companies.

In setting the dollar values of the 2013 and 2014 long-term incentive opportunities for each NEO, the Committee targeted amounts that would achieve the Company s overall objective of positioning total compensation at approximately the market median. The 2013 and 2014 target grant values for the NEOs for the 2013-2015 and 2014-2016 performance periods were as follows:

Name	Long-term Incentive Target in 2013	Long-term Incentive Target in 2014
Marita Zuraitis	$800,000	$1,000,000(1)
Dwayne D. Hallman	$500,000	$500,000
Stephen P. Cardinal	$500,000	$500,000
Matthew P. Sharpe	$300,000	$400,000
John P. McCarthy	N/A	$300,000

(1) Ms. Zuraitis assumed the Chief Executive Officer position in late 2013.

Performance-Based RSUs We believe the RSUs are an effective vehicle for rewarding executives based on performance and have a high value in promoting executive retention. RSUs were granted on March 5, 2013 for the 2013-2015 performance period and March 5, 2014 for the 2014-2016 performance period. RSUs will be earned on December 31, 2015 and December 31, 2016, respectively, based on achievements relative to the three-year performance period targets. Participants can earn up to 200% of their target award of RSUs based on performance. For the 2013-2015 program, any RSUs earned at the end of 2015 are 100% vested on January 1, 2016 following the performance period. Under the 2014-2016 program, any RSUs earned at the end of 2016 are 100% vested on January 1, 2017 following the performance period. Once vested, the RSUs are subject to holding requirements until the executive s stock ownership requirements are met. See Stock Ownership and Holding Requirements. From the date of grant, RSUs accrue dividends at the same rate as dividends paid to our Shareholders, but are only paid on the corresponding shares that are earned. If no shares are earned, the dividends are forfeited. Earned dividends are converted into additional RSUs.

Target RSU opportunities for the 2013-2015 and 2014-2016 performance periods for the NEOs were established as 50% of the total long-term incentive opportunities. On an annualized basis, the awards of RSUs ranged from approximately 44% to 86% of base salary. Maximum opportunities were set at 200% of target and threshold opportunities were set at 50% of target.

The performance measures for the 2013-2015 performance period operating earnings per share growth, operating return on equity, along with total shareholder return, each relative to a peer group of insurance companies provide strong alignment with Shareholder interests. Each of the performance measures are required to be at or above the 25th percentile of peers to earn an award. At the 25th percentile, participants can earn 50% of their target award and at the peer group median participants can earn their target award. If the performance measure is at or above the 90th percentile of peers, 200% of the target award can be earned.

The two relative performance measures for the 2014-2016 performance period operating return on equity and total shareholder return continue to support the objective of out-performing our peers as the Company focuses on investments needed in the next three years to allow for strategic growth. These two measures focus on the effective use of capital and delivering on growth objectives while retaining our strong alignment with Shareholder interests. Each of the performance measures are required to be at or above the 25th percentile of peers to earn an award. At the 25th percentile, participants can earn 50% of their target award and at the peer group median participants can earn their target award. If the performance measure is at or above the 90th percentile of peers, 200% of the target award can be earned.

Service-Based RSUs We believe service-based RSUs, like stock options, provide strong alignment with Shareholder interests and a long-term focus for our executives and assist in the retention of key executive talent. Service-based RSUs were granted on March 5, 2014 and comprise 20% of the long-term incentive opportunity. Service-based RSUs vest 33% after the third year, vest an additional 33% after the fourth year and vest the final 34% after the fifth year. Once vested, the RSUs are subject to a holding requirement until the executive s stock ownership requirements are met. See Stock Ownership and Holding Requirements. From the date of the grant, the RSUs accrue dividends at the same rate as dividends paid to our Shareholders. These dividends are converted into additional RSUs and vest when the underlying RSUs vest.

Stock Options We believe that stock options provide strong alignment with Shareholder interests, as participants do not realize any value unless our stock price appreciates. Stock options granted under the Long-term Incentive Plan have an exercise price equal to the closing stock price on the date of grant, vest ratably over a four-year period and have a ten-year term. In determining the number of stock options granted on March 5, 2014, we divided 30% of the total target long-term incentive opportunity by the Black-Scholes value of an option. For additional information regarding assumptions used for these valuations, see the Company s 2014 Annual Report on Form 10-K Notes to Consolidated Financial Statements Note 1 Summary of Significant Accounting Policies Stock Based Compensation. Beginning with the options granted March 9, 2011, upon exercise Executive Officers are required to hold shares equivalent to any proceeds (net of exercise price and related taxes and the costs of the exercise) for a minimum of twelve months.

Timing of Equity Grants The Committee has granted long-term incentives only at its regularly scheduled Board meetings. The Company uses the closing stock price on the date of the grant to determine the exercise price for stock options. For regularly scheduled annual awards or for awards pursuant to the Long-term Incentive Plan, the grant effective date is the approval date of the applicable resolution or as otherwise specified in the duly authorized resolution. For other awards, the grant effective date is the first business day of the next securities trading window established by the Company following the approval date. Under no circumstances does the grant effective date precede the approval date of a given award.

Stock Ownership and Holding Requirements

Stock ownership requirements were established in 1998. Currently, our NEOs are required to satisfy meaningful stock ownership levels within five years of attaining their position. Stock ownership may be achieved by direct ownership or beneficial ownership through a spouse or child. The following types of beneficial ownership are considered in determining stock ownership: direct ownership of HMEC Common Stock, HMEC Common Stock held in the Company 401(k) Plan, HMEC deferred Common Stock equivalent units and RSUs (vested and unvested). Outstanding stock options are not used in determining stock ownership. Beginning with the 2010-2011 Long-term Incentive period, NEOs are required to defer receipt of their RSUs until the stock ownership requirements are met. The CEO is required to maintain beneficial stock ownership with a book value of at least 500% of base salary and all other NEOs are required to maintain beneficial stock ownership with a book value of at least 350% of base salary. As shown in the graph below, as of December 31, 2014, all NEOs with the exception of Mr. McCarthy who has only been with the Company for less than a year have exceeded their stock ownership requirements. Given the volatility of the stock market in recent years, we have migrated to an approach whereby the value of the shares required to be owned is based on the Company s book value, not stock price, as book value is less volatile than stock price. For this purpose, the Company s book value per share is determined by dividing total shareholders equity, less the fair value adjustment for investments, by the number of outstanding shares of common stock.

In addition, beginning with the March 9, 2011 stock option grants, the NEOs are required to hold shares equivalent to any proceeds from a long-term incentive stock option exercise, net of exercise price and related taxes and the costs of the exercise, for a minimum of twelve months after the date of exercise. As indicated in the following chart, all NEOs have met or exceeded their stock ownership requirements except for Mr. McCarthy who is on target to meet the requirement by his 2019 deadline.

Name	2014 Stock Ownership	2014 Book Value (1)
Marita Zuraitis	183,573	$ 4,659,083
Dwayne D. Hallman	137,158	$ 3,481,070
Stephen P. Cardinal	154,330	$ 3,916,895
Matthew P. Sharpe	54,757	$ 1,389,733
John P. McCarthy	10,129	$ 257,074(2)

(1) Based on the Company s December 31, 2014 book value per share excluding the fair value adjustment for investments of $25.38.

(2) Mr. McCarthy s length of service with the Company is less than one year.

Annual Incentive Plan

Our Annual Incentive Plan (AIP) is designed to drive and reward strong performance over a one-year period. The annual incentive is a key part of our overall compensation structure and is directly linked to the Company s annual business plan. Under the Company s 2010 Comprehensive Executive Compensation Plan (CECP), the Committee establishes Company-wide and business unit/division performance objectives every March, as well as the related threshold, target and maximum bonus opportunities for each NEO. In setting these objectives and opportunities, the Committee considers, among other things, the strategic goals of the Company, corporate financial projections and the degree of difficulty in achieving the targets. It is the goal of the Committee to establish measurements and targets that are reasonable, but not easily achieved. As evidence of this, the AIP has generated awards ranging from approximately 102% to 172% of target over the past 5 years, with an average of approximately 139% for the five-year period. During this period, the Company has consistently maintained strong earnings, including record operating earnings per share in 2013, and dividend growth that has provided solid total shareholder returns. The variability and average level of the awards earned confirms the Committee s practice of establishing reasonable yet aggressive goals for the Company s AIP. The measures and targets are discussed with the CEO, other NEOs, other members of the Board and CAP before they are set. Each March, the Committee also certifies performance and determines annual incentive award payouts for the prior year.

Target incentive opportunities for the NEOs are intended to approximate the median of the target bonus potential for similarly situated executives in comparable companies. Maximum incentive opportunities are set at 200% of target. Changes made to these opportunities, if any, generally take effect for the next fiscal year. Based on the 2014 performance of the Company relative to the Corporate Measures described below, the Committee approved the resulting award of 149.5% of target for Ms. Zuraitis and the other NEOs. The annual incentives paid to the NEOs are shown in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. For 2014, the target annual incentive opportunities for the NEOs, the actual AIP paid (149.5% of target) along with the actual AIP payment expressed as a percentage of base salary as of December 31, 2014, were as follows:

Name	2014 Target AIP Opportunity	2014 Actual AIP Paid	2014 Actual AIP Paid as a Percent of Salary

Marita Zuraitis	90%	$ 929,068	131.97%
Dwayne D. Hallman	50%	$ 329,275	74.16%
Stephen P. Cardinal	50%	$ 317,502	74.01%
Matthew P. Sharpe	50%	$ 264,803	72.75%
John P. McCarthy	40%	$ 118,335	39.45%

For 2014, 100% of the CEO s and all other NEOs annual incentive opportunities were tied to Company-wide performance. For Mr. McCarthy, the actual AIP paid was adjusted for length of service. The Committee believes that tying this incentive to Company performance provides appropriate alignment for an executive s compensation as it recognizes that the Company as a whole must perform well in order to deliver value to our Shareholders.

Annual Incentive Plan Targets

The Committee finalized targets for the 2014 corporate performance measures in its March 2014 meeting. The targets for the Operating Income and Insurance Sales measures were based on a review of market conditions and expectations of other companies in the industry as well as our financial plan for 2014 (Plan). The financial plan was the basis of our 2014 earnings guidance, which was publicly disclosed in February 2014 in connection with our release of earnings for the year ended December 31, 2013. All measures are defined as absolute (meeting specific established internal goals, i.e., earnings, revenues and sales). For 2014, the corporate measures (Corporate Measures), bonus targets and results were as follows:

Annual 2014 Corporate Measures (1)	Measurement Weighting	Target	Results	Actual Weighted Results	Absolute vs. Relative
Adjusted Operating Income	50%	$90.8 million	$ 95.6 million	75.11%	Absolute
P&C Net Premium Written	20%	$590.0 million	$ 584.4 million	14.39%	Absolute
Horace Mann Annuity Sales	20%	$318.4 million	$ 340.8 million	40.00%	Absolute
Horace Mann Life Sales	10%	$9.1 million	$ 11.0 million	20.00%	Absolute
Total	100%				