

SECURITY NATIONAL FINANCIAL CORP  
Form DEF 14A  
June 05, 2013

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 14A  
(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

Filed by Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(3)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

SECURITY NATIONAL FINANCIAL CORPORATION  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the Appropriate box):

- No fee required.
- Fee computed on table below per Securities Exchange Act Rules 15a-6(i)(4) and 0-11.
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- (1) Title of each class of securities to which transaction applies:
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  - (3) Filing Party:
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SECURITY NATIONAL FINANCIAL CORPORATION

5300 South 360 West, Suite 250  
Salt Lake City, Utah 84123

June 3, 2013

Dear Stockholder:

On behalf of the Board of Directors, it is my pleasure to invite you to attend the Annual Meeting of Stockholders (the "Annual Meeting") of Security National Financial Corporation (the "Company") to be held on Friday, July 12, 2013, beginning at 10:00 a.m., Mountain Daylight Time, at Valley Center Towers, 5373 South Green Street, Conference Room 105, Salt Lake City, Utah. The formal notice of the Annual Meeting and the Proxy Statement have been made a part of this invitation.

The matters to be addressed at the meeting will include (1) the election of nine directors; (2) the approval, on an advisory basis, of the compensation of the Company's named executive officers; (3) the approval of the adoption of the 2013 Stock Option Plan and the reservation of 450,000 shares of Class A common stock to be made available for issuance under the plan, of which up to 150,000 Class A common shares could be issued as up to 1,500,000 shares of Class C common stock; (4) the ratification of the appointment of Hansen, Barnett & Maxwell, P.C. as the Company's independent registered public accountants for the fiscal year ending December 31, 2013; and (5) the transaction of such other business as may properly come before the Annual Meeting or any adjournment or postponements thereof. I will also report on the Company's business activities and answer any stockholder questions.

The Board of Directors recommends that you vote FOR election of the director nominees, FOR approval, on an advisory basis, of the compensation of the Company's named executive officers; FOR approval of the 2013 Stock Option Plan and the reservation of shares for issuance thereunder; FOR ratification of appointment of the independent registered public accountants; and FOR the transaction of such other business as may properly come before the Annual Meeting or any adjournment thereof. Please refer to the Proxy Statement for detailed information on each of the proposals and the Annual Meeting.

Your vote is very important. We hope you will take a few minutes to review the Proxy Statement and complete, sign, date and return your Proxy Card in the envelope provided, even if you plan to attend the meeting. Please note that sending us your Proxy will not prevent you from voting in person at the meeting, should you wish to do so.

Thank you for your support of Security National Financial Corporation. We look forward to seeing you at the Annual Meeting.

Sincerely yours,

/s/ Scott M. Quist

Scott M. Quist

Chairman of the Board, President and Chief Executive Officer

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SECURITY NATIONAL FINANCIAL CORPORATION

5300 South 360 West, Suite 250  
Salt Lake City, Utah 84123

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD JULY 12, 2013

Dear Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Annual Meeting") of Security National Financial Corporation (the "Company"), a Utah corporation, will be held on Friday, July 12, 2013, at Valley Center Towers, 5373 South Green Street, Conference Room 105, Salt Lake City, Utah, beginning at 10:00 a.m., Mountain Daylight Time, to consider and act upon the following:

1. To elect a Board of Directors consisting of nine directors (three directors to be elected exclusively by the Class A common stockholders voting separately as a class and the remaining six directors to be elected by the Class A and Class C common stockholders voting together) to serve until the next Annual Meeting and until their successors are elected and qualified;
2. To approve, on an advisory basis, the compensation of the Company's named executive officers;
3. To approve the adoption of the Company's 2013 Stock Option Plan and the reservation of 450,000 shares of Class A common stock to be made available for issuance under the plan, of which up to 150,000 Class A common shares could be issued as up to 1,500,000 shares of Class C common stock;
4. To ratify the appointment of Hansen, Barnett & Maxwell, P.C. as the Company's independent registered public accountants for the fiscal year ending December 31, 2013; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponements thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on May 24, 2013, as the record date for determining stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. A list of such stockholders will be available for examination by a stockholder for any purpose relevant to the meeting during ordinary business hours at the offices of the Company at 5300 South 360 West, Suite 250, Salt Lake City, Utah during the 20 days prior to the meeting.

If you do not expect to attend the meeting in person, it is important that your shares be represented. Please use the enclosed proxy card to vote on the matters to be considered at the meeting, sign and date the proxy card and mail it promptly in the enclosed envelope, which requires no postage if mailed in the United States. You may revoke your proxy at any time before the meeting by written notice to such effect, by submitting a subsequently dated proxy or by attending the meeting and voting in person. If your shares are held in "street name," you should instruct your broker how to vote in accordance with your voting instruction form.

By order of the Board of Directors,

/s/ Jeffrey R. Stephens

Jeffrey R. Stephens  
General Counsel and Corporate Secretary  
June 3, 2013  
Salt Lake City, Utah

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SECURITY NATIONAL FINANCIAL CORPORATION

5300 South 360 West, Suite 250  
Salt Lake City, Utah 84123

PROXY STATEMENT

For Annual Meeting of Stockholders  
To Be Held on July 12, 2013

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Security National Financial Corporation (the "Company") for use at the Annual Meeting of Stockholders (the "Annual Meeting") to be held on Friday, July 12, 2013 at Valley Center Towers, 5373 South Green Street, Conference Room 105, Salt Lake City, Utah, beginning at 10:00 a.m., Mountain Daylight Time, or at any adjournment or postponements thereof. The shares covered by the enclosed Proxy, if such is properly executed and received by the Board of Directors prior to the meeting, will be voted in favor of the proposals to be considered at the Annual Meeting, and in favor of the election of the nominees to the Board of Directors (three nominees to be elected by the Class A common stockholders voting separately as a class and six nominees to be elected by the Class A and Class C common stockholders voting together) as listed unless such Proxy specifies otherwise, or the authority to vote in the election of directors is withheld.

A Proxy may be revoked at any time before it is exercised by giving written notice to the Secretary of the Company at 5300 South 360 West, Suite 250, Salt Lake City, Utah 84123, Attention: Jeffrey R. Stephens, by submitting in writing a Proxy bearing a later date, or by attending the Annual Meeting and voting in person. Stockholders may vote their shares in person if they attend the Annual Meeting, even if they have executed and returned a Proxy. This Proxy Statement and accompanying Proxy Card are being mailed to stockholders on or about June 3, 2013.

If a stockholder wishes to assign a proxy to someone other than the Directors' Proxy Committee, all three names appearing on the Proxy Card must be crossed out and the name(s) of another person or persons (not more than three) inserted. The signed card must be presented at the meeting by the person(s) representing the stockholder.

The cost of this solicitation will be borne by the Company. The Company may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Proxies may also be solicited by certain of the Company's directors, officers, and regular employees, without additional compensation.

The matters to be brought before the Annual Meeting are (1) to elect directors to serve for the ensuing year; (2) to approve, on an advisory basis, the compensation of the Company's named executive officers; (3) to approve the adoption of the 2013 Stock Option Plan and the reservation of 450,000 shares of Class A common stock to be made available for issuance under the plan, of which up to 150,000 Class A common shares could be issued as up to 1,500,000 shares of Class C common stock; (4) to ratify the appointment of Hansen, Barnett & Maxwell, P.C. as the Company's independent registered public accountants for the fiscal year ending December 31, 2013; and (5) to transact such other business as may properly come before the Annual Meeting.

RECORD DATE AND VOTING INFORMATION

Only holders of record of common stock at the close of business on May 24, 2013, will be entitled to vote at the Annual Meeting. As of March 31, 2013, there were issued and outstanding 10,946,488 shares of Class A common stock, \$2.00 par value per share, and 11,398,388 shares of Class C common stock, \$.20 par value per share, resulting

in a total of 22,344,876 shares of Class A and Class C common stock. A majority of the outstanding shares of Class A and Class C common stock (or 11,172,439 shares) will constitute a quorum for the transaction of business at the meeting. A list of the Company's stockholders will be available for review at the Company's executive offices during regular business hours for a period of 20 days before the Annual Meeting.



The holders of each class of common stock of the Company are entitled to one vote per share. Cumulative voting is not permitted in the election of directors.

After carefully reading and considering the information contained in this Proxy Statement, each holder of the Company's common stock should complete, date and sign the Proxy Card and mail the Proxy Card in the enclosed return envelope as soon as possible so that those shares of the Company's common stock can be voted at the Annual Meeting, even if the holders plan to attend the Annual Meeting in person.

Proxies received at any time before the Annual Meeting, and not revoked or superseded before being voted, will be voted at the Annual Meeting. If a Proxy indicates a specification, it will be in accordance with the specification. If no specification is indicated, the Proxy will be voted for approval of the election of the directors recommended by the Board of Directors; for approval, on an advisory basis, of the compensation of the Company's named executive officers; for approval of the adoption of the 2013 Stock Option Plan and the reservation of 450,000 shares of Class A common stock to be made available for issuance under the plan, of which up to 150,000 Class A common shares could be issued as up to 1,500,000 shares of Class C common stock; for ratification of the appointment of Hansen, Barnett & Maxwell, P.C. as the Company's independent registered public accountants for the fiscal year ending December 31, 2013; and, in the discretion of the persons named in the Proxy, to transact such other business that may properly come before the meeting or any adjournment or postponements of the meeting. You may also vote in person by ballot at the Annual Meeting.

The Company's Articles of Incorporation provide that the Class A common stockholders and Class C common stockholders have different voting rights in the election of directors. The Class A common stockholders voting separately as a class will be entitled to vote for three of the nine directors to be elected (the nominees to be voted upon by the Class A common stockholders separately consist of Messrs. Scott M. Quist, Robert G. Hunter, M.D. and H. Craig Moody).

The remaining six directors will be elected by the Class A and Class C common stockholders voting together (the nominees to be so voted upon consist of Messrs. J. Lynn Beckstead, Jr., Charles L. Crittenden, Gilbert A. Fuller, Norman G. Wilbur, Jason G. Overbaugh and S. Andrew Quist). For the other business to be conducted at the Annual Meeting, the Class A and Class C common stockholders will vote together, one vote per share. The Class A common stockholders will receive a different form of Proxy than the Class C common stockholders.

Your vote is important. Please complete and return the Proxy Card so your shares can be represented at the Annual Meeting, even if you plan to attend in person.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE STOCKHOLDERS MEETING TO BE HELD ON JULY 12, 2013**

This Proxy Statement, the Proxy Card and the 2012 Annual Report are available at <http://www.securitynational.com/shareholders>.

**ELECTION OF DIRECTORS**

**PROPOSAL 1**

**The Nominees**

The Company's Board of Directors consists of nine directors. All directors are elected annually to serve until the next annual meeting of the stockholders and until their respective successors are duly elected and qualified, or until their earlier resignation or removal. The nominees for the upcoming election of directors include five independent directors, as defined in the applicable rules for companies traded on the Nasdaq Stock Market, and four members of

the Company's senior management. Except for Messrs. Gilbert A. Fuller, Jason G. Overbaugh and S. Andrew Quist, all of the nominees for director have served as directors since the 2012 Annual Meeting.

The nominees to be elected by the holders of Class A common stock are as follows:

Name	Age	Director Since	Position(s) with the Company
Scott M. Quist	60	1986	Chairman of the Board, President and Chief Executive Officer
Robert G. Hunter, M.D.	53	1998	Director
H. Craig Moody	61	1995	Director

The nominees for election by the holders of Class A and Class C common stock, voting together, are as follows:

Name	Age	Director Since	Position(s) with the Company
J. Lynn Beckstead, Jr.	59	2002	Vice President of Mortgage Operations and Director
Charles L. Crittenden	93	1979	Director
Gilbert A. Fuller	72	2012	Director
Norman G. Wilbur	74	1998	Director
Jason G. Overbaugh	38	-	Vice President, National Marketing Director of Life Insurance, and Assistant Corporate Secretary
S. Andrew Quist	33	-	Vice President and Associate General Counsel

The following is a description of the business experience of each of the nominees and directors.

Scott M. Quist has served as Chairman of the Board and Chief Executive Officer of the Company since September 14, 2012. Mr. Quist will also continue to serve as the Company's President, a position he has held since 2002. He has also served as a director of the Company since 1986. Mr. Quist served as First Vice President of the Company from 1986 to 2002. From 1980 to 1982, Mr. Quist was a tax specialist with Peat, Marwick, Mitchell, & Co., in Dallas, Texas. From 1993 to 2013, Mr. Quist served as a director of the National Alliance of Life Companies (NALC), a national trade association of over 200 life insurance companies, and as its President from 1990 to 2000. From 1986 to 1991, Mr. Quist was Treasurer and a director of The National Association of Life Companies, a trade association of 642 insurance companies until its merger with the American Council of Life Companies. Mr. Quist has been a member of the Board of Governors of the Forum 500 Section (representing small insurance companies) of the American Council of Life Insurance. He has also served as a regional director of Key Bank of Utah since November 1993. Mr. Quist holds a B.S. degree in Accounting from Brigham Young University and received his law degree also from Brigham Young University. Mr. Quist's significant expertise and deep understanding of the technical, organizational and strategic business aspects of the insurance industry, his management expertise, his eleven year tenure as President of the Company and twenty-seven year tenure as a director, and his years of business and leadership experience led the Board of Directors to conclude that Mr. Quist should serve as Chairman of the Board, President and Chief Executive Officer of the Company.

J. Lynn Beckstead, Jr. has served as Vice President of Mortgage Operations and a director of the Company since 2002. In addition, Mr. Beckstead is President of SecurityNational Mortgage Company, a wholly owned subsidiary of the Company, having served in this position since 1993. From 1990 to 1993, Mr. Beckstead was Vice President and a director of Republic Mortgage Corporation. From 1983 to 1990, Mr. Beckstead was Vice President and a director of Richards Woodbury Mortgage Corporation. From 1980 to 1983, he was a principal broker for Boardwalk Properties. From 1978 to 1980, Mr. Beckstead was a residential loan officer for Medallion Mortgage Company. From 1977 to 1978, he was a residential construction loan manager of Citizens Bank. Mr. Beckstead has been recognized since 2009 as a Certified Mortgage Banker by the Mortgage Bankers Association. Mr. Beckstead's expertise in real estate, his twenty year tenure serving as President of SecurityNational Mortgage Company, and his business and leadership experience led the Board of Directors to conclude that he should serve as a director.



Charles L. Crittenden has served as a director of the Company since 1979. Mr. Crittenden has been sole stockholder of Crittenden Paint & Glass Company since 1958. He is also an owner of Crittenden Enterprises, a real estate development company, and Chairman of the Board of Linco, Inc. Mr. Crittenden's status as one of the Company's founders, his thirty-four year tenure on the Company's Board of Directors, and his years of business experience led the Board of Directors to conclude that he should serve as a director.

Gilbert A. Fuller has served as a director of the Company since December 7, 2012. From 2006 until his retirement in 2008, Mr. Fuller served as Executive Vice President, Chief Financial Officer and Secretary of USANA Health Sciences, Inc., a multinational manufacturer and direct seller of nutritional supplements. Mr. Fuller joined USANA in 1996 as the Vice President of Finance and served in that role until 1999 when he was appointed as its Senior Vice President. Mr. Fuller has served as a member of the Board of Directors of USANA since 2008. Before joining USANA, Mr. Fuller served in various executive positions for several different companies. Mr. Fuller served as Chief Administrative Officer and Treasurer of Melaleuca, Inc., a manufacturer and direct seller of personal care products. He was also the Vice President and Treasurer of Norton Company, a multinational manufacturer of ceramics and abrasives. Mr. Fuller obtained his certified public accountant license in 1970 and kept it current until his career path developed into corporate finance. Mr. Fuller received a B.S. degree in Accounting and an M.B.A. degree from the University of Utah. Mr. Fuller's accounting, finance and corporate strategy expertise and his years of financial, accounting and business experience in public and private companies, including USANA Health Sciences, Inc., which is listed on the New York Stock Exchange, where he served as an executive officer and continues to serve as a director, led the Board of Directors to conclude that he should serve as a director.

Robert G. Hunter, M.D. has served as a director of the Company since 1998. Dr. Hunter is currently a practicing physician in private practice. Dr. Hunter created the statewide E.N.T. Organization (Rocky Mountain E.N.T., Inc.) where he is currently a member of the Executive Committee. Dr. Hunter is Department Head of Otolaryngology, Head and Neck Surgery at Intermountain Medical Center and a past President of the medical staff of the Intermountain Medical Center. He is also a delegate to the Utah Medical Association and has served as a delegate representing the State of Utah to the American Medical Association, and a member of several medical advisory boards. Dr. Hunter holds a B.S. degree in Microbiology from the University of Utah and received his medical degree from the University of Utah College of Medicine. Dr. Hunter's medical expertise and experience, and his administrative and leadership experience from serving in a number of administrative positions in the medical profession led the Board of Directors to conclude that he should serve as a director.

H. Craig Moody has served as a director of the Company since 1995. Mr. Moody is owner of Moody & Associates, a political consulting and real estate company. He is a former Speaker and House Majority Leader of the House of Representatives of the State of Utah. From 1989 to 1992, Mr. Moody was Co-Chairman of the Utah Legislative Audit Committee. Mr. Moody received a B.S. degree in Political Science from the University of Utah. Mr. Moody's real estate and governmental affairs expertise and years of business and leadership experience led the Board of Directors to conclude he should serve as a director.

Norman G. Wilbur has served as a director of the Company since 1998. Mr. Wilbur worked for J.C. Penny's regional offices in budget and analysis. His final position was Manager of Planning and Reporting for J.C. Penny's stores. After 36 years with J.C. Penny's, Mr. Wilbur opted for early retirement in 1997. Mr. Wilbur is a past board member of Habitat for Humanity in Plano, Texas. Mr. Wilbur received a B.S. degree in Accounting from the University of Utah. Mr. Wilbur's financial expertise and business experience from a successful career at J.C. Penny's led the Board of Directors to conclude he should serve as a director. In addition, the Board of Directors' determination that Mr. Wilbur is the Audit Committee "financial expert" lends further support to his financial acumen and qualification for serving as a director.

Jason G. Overbaugh has been nominated by the Board of Directors to serve as a director of the Company. Mr. Overbaugh has served as a Vice President and the Assistant Secretary of the Company since 2002. He has also served

as the Company's National Marketing Director of Life Insurance since 2008. Mr. Overbaugh has additionally served as Vice President and National Marketing Director of Security National Life Insurance Company since 2006. From 2003 to 2006, he served as a Vice President of Security National Life Insurance Company with responsibilities as an investment manager over construction lending and commercial real estate investments. From 2000 to 2003, Mr. Overbaugh served as a Vice President of Memorial Estates, Inc., with responsibilities over operations and sales. Mr. Overbaugh has served since 2007 as a director of the LOMA Life Insurance Council, a trade association of life insurance companies. He is also a member of the NFDA Trade Association. Mr. Overbaugh received a B.S. degree in Finance from the University of Utah. Mr. Overbaugh's expertise in insurance and marketing and his seventeen years of experience with the Company in its insurance, real estate, and mortuary and cemetery operations led the Board of Directors to conclude that he should serve as a director.

S. Andrew Quist has been nominated by the Board of Directors to serve as a director of the Company. Mr. Quist has served as a Vice President of the Company since 2010. He has also served as the Company's Associate General Counsel since 2007, where his responsibilities have included the Company's regulatory matters and acquisitions. In addition, Mr. Quist has been Executive Vice President and Chief Operating Officer since 2010, and Vice President from 2008 to 2010, of C&J Financial, LLC, a wholly owned subsidiary of the Company, which funds the purchase of funeral and burial policies from funeral homes after the death of the insureds. On April 11, 2013, Mr. Quist was elected as a director of the National Alliance of Life Companies (NALC), a national trade association of over 200 life insurance companies, where he also serves as Vice President and Treasurer. Mr. Quist is also currently the President of the Utah Life Convention, a consortium of Utah domestic life insurers. Mr. Quist holds a B.S. degree in Accounting from Brigham Young University and received his law degree from the University of Southern California. Mr. Quist's expertise in insurance, legal and regulatory matters led the Board of Directors to conclude that he should serve as a director.

The Board of Directors recommends that stockholders vote "FOR" the election of each of the director nominees.

#### The Board of Directors, Board Committees and Meetings

The Company's Bylaws provide that the Board of Directors shall consist of not less than three nor more than eleven members. The term of office of each director is for a period of one year or until the election and qualification of his successor. A director is not required to be a resident of the State of Utah but must be a stockholder of the Company. The Board of Directors held a total of four meetings during the fiscal year ended December 31, 2012. Except for Messrs. George R. Quist, who passed away on September 6, 2012, and Charles L. Crittenden, no directors attended fewer than 75% of all meetings of the Board of Directors during the 2012 fiscal year.

The size of the Board of Directors of the Company for the coming year will be nine members. A majority of the Board of Directors must qualify as "independent" as that term is defined in Rule 4200 of the listing standards of the Nasdaq Stock Market. The Board of Directors has affirmatively determined that five of the nine members of the Board of Directors, Messrs. Charles L. Crittenden, Gilbert A. Fuller, Robert G. Hunter, M.D., H. Craig Moody and Norman G. Wilbur, are independent under the listing standards of the Nasdaq Stock Market.

Unless authority is withheld by your Proxy, it is intended that the common stock represented by your Proxy will be voted for the respective nominees listed above. If any nominee should not serve for any reason, the Proxy will be voted for such person as shall be designated by the Board of Directors to replace such nominee. The Board of Directors has no reason to expect that any nominee will be unable to serve. There is no arrangement between any of the nominees and any other person or persons pursuant to which he was or is to be selected as a director. There is no family relationship between or among any of the nominees, except that Scott M. Quist is the father of S. Andrew Quist, and Christie Q. Overbaugh is the mother of Jason G. Overbaugh and the sister of Scott M. Quist.

There are four committees of the Board of Directors, which meet periodically during the year: the Audit Committee, the Compensation Committee, the Executive Committee, and the Nominating and Corporate Governance Committee.

The Audit Committee directs the auditing activities of the Company's internal auditors and outside public accounting firm and approves the services of the outside public accounting firm. The Audit Committee consists of Messrs. Charles L. Crittenden, Gilbert A. Fuller, H. Craig Moody and Norman G. Wilbur (Chairman of the committee). During 2012, the Audit Committee met on three occasions.





The Compensation Committee is responsible for recommending to the Board of Directors for approval the annual compensation of each executive officer of the Company and the executive officers of the Company's subsidiaries, developing policy in the areas of compensation and fringe benefits, contributions under the Employee Stock Ownership Plan, contributions under the 401(k) Retirement Savings Plans, Deferred Compensation Plan, granting of options under the stock option plans, and creating other employee compensation plans. The Compensation Committee consists of Messrs. Charles L. Crittenden (Chairman of the committee), Gilbert A. Fuller, Robert G. Hunter, M.D., H. Craig Moody and Norman G. Wilbur. During 2012, the Compensation Committee met on one occasion.

The Executive Committee reviews Company policy, major investment activities and other pertinent transactions of the Company. The Executive Committee consists of Messrs. Scott M. Quist, J. Lynn Beckstead, Jr. and H. Craig Moody. During 2012, the Executive Committee met on one occasion.

The Nominating and Corporate Governance Committee identifies individuals qualified to become board members consistent with criteria approved by the board, recommends to the board the persons to be nominated by the board for election as directors at a meeting of stockholders, and develops and recommends to the board a set of corporate governance principles. The Nominating and Corporate Governance Committee consists of Messrs. Charles L. Crittenden, Gilbert A. Fuller, Robert G. Hunter, M.D., H. Craig Moody (Chairman of the committee), and Norman G. Wilbur. The Nominating and Corporate Governance Committee is composed solely of independent directors, as defined in the listing standards of the Nasdaq Stock Market. During 2012, the Nominating and Corporate Governance Committee met on three occasions.

#### Director Nominating Process

The process for identifying and evaluating nominees for directors include the following steps: (1) the Nominating and Corporate Governance Committee, Chairman of the Board or other board members identify a need to fill vacancies or add newly created directorships; (2) the Chairman of the Nominating and Corporate Governance Committee initiates a search and seeks input from board members and senior management and, if necessary, obtains advice from legal or other advisors (but does not hire an outside search firm); (3) director candidates, including any candidates properly proposed by stockholders in accordance with the Company's Bylaws, are identified and presented to the Nominating and Corporate Governance Committee; (4) initial interviews with candidates are conducted by the Chairman of the Nominating and Corporate Governance Committee; (5) the Nominating and Corporate Governance Committee meets to consider and approve final candidate(s) and conduct further interviews as necessary; and (6) the Nominating and Corporate Governance Committee makes recommendations to the board for inclusion in the slate of directors at the annual meeting. The evaluation process will be the same whether the nominee is recommended by a stockholder or by a member of the Board of Directors.

The Nominating and Corporate Governance Committee will consider nominees proposed by stockholders. To recommend a perspective nominee for the Nominating and Corporate Governance Committee's consideration, stockholders may submit the candidate's name and qualifications to: Jeffrey R. Stephens, General Counsel and Corporate Secretary, Security National Financial Corporation, 5300 South 360 West, Suite 250, Salt Lake City, Utah 84123. Recommendations from stockholders for nominees must be received by Mr. Stephens not later than the date set forth under "Deadline for Receipt of Stockholder's Proposals for Annual Meeting to be Held in July 2014" below.

The Nominating and Corporate Governance Committee operates pursuant to a written charter. The full text of the charter is published on the Company's website at [www.securitynational.com](http://www.securitynational.com). Stockholders may also obtain a copy of the charter without charge by writing to: Jeffrey R. Stephens, General Counsel and Corporate Secretary, Security National Financial Corporation, 5300 South 360 West, Suite 250, Salt Lake City, Utah 84123.

#### Meetings of Non-Management Directors

The Company's independent directors meet regularly in executive session without management. The Board of Directors has designated a lead director to preside at executive sessions of independent directors. Mr. H. Craig Moody is currently the lead director.

## Stockholder Communications with the Board of Directors

Stockholders who wish to communicate with the Board of Directors or a particular director may send a letter to Jeffrey R. Stephens, General Counsel and Corporate Secretary, Security National Financial Corporation, 5300 South 360 West, Suite 250, Salt Lake City, Utah 84123. The mailing envelope must contain a clear notation indicating that the enclosed letter is a “Stockholder-Board Communication” or “Stockholder-Director Communication.” All such letters must identify the author as a stockholder and clearly state whether the intended recipients are all members of the board or just certain specified individual directors. The Corporate Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

## Executive Officers

The following table sets forth certain information with respect to the executive officers of the Company (the business biographies for Scott M. Quist, J. Lynn Beckstead, Jr., Jason Q. Overbaugh and S. Andrew Quist are set forth above):

Name	Age	Title
Scott M. Quist <sup>1</sup>	60	Chairman of the Board, President, Chief Executive Officer and Director
Garrett S. Sill	42	Acting Chief Financial Officer and Acting Treasurer
Lynn Beckstead, Jr.	59	Vice President of Mortgage Operations and Director
Jeffrey R. Stephens	59	General Counsel and Corporate Secretary
Christie Q. Overbaugh <sup>2</sup>	63	Senior Vice President of Internal Operations
Jason G. Overbaugh <sup>2</sup>	38	Vice President, National Marketing Director of Life Insurance and Assistant Corporate Secretary
S. Andrew Quist <sup>1</sup>	33	Vice President and Associate General Counsel

<sup>1</sup> Scott M. Quist is the father of S. Andrew Quist.

<sup>2</sup> Christie Q. Overbaugh is the mother of Jason G. Overbaugh and the sister of Scott M. Quist.

Christie Q. Overbaugh has served as Senior Vice President of Internal Operations of the Company since June 2006, and a Vice President of the Company from 1998 to June 2006. Ms. Overbaugh has also served as Vice President of Underwriting for Security National Life Insurance Company since 1998. From 1986 to 1991, she was Chief Underwriter for Investors Equity Life Insurance Company of Hawaii and Security National Life Insurance Company. From 1990 to 1991, Ms. Overbaugh was President of the Utah Home Office Underwriters Association. Ms. Overbaugh is currently a member of the Utah Home Office Underwriters Association and an Associate Member of LOMA (Life Office Management Association).

Garrett S. Sill was appointed to serve as the Company’s Acting Chief Financial Officer and Acting Treasurer, effective January 18, 2013. Prior to his appointment as Acting Chief Financial Officer and Acting Treasurer, Mr. Sill had been serving since 2011 as Vice President and Assistant Treasurer of Security National Life Insurance Company, a wholly owned subsidiary of the Company. From 2002 to 2011, Mr. Sill was Chief Financial Officer and Treasurer of SecurityNational Mortgage Company, a wholly-owned subsidiary of the Company. From 1997 to 2002, he was Vice President and Controller of SecurityNational Mortgage Company. Mr. Sill is a certified public accountant, having been licensed since 2002. He holds a B.A. degree in Accounting from Weber State University and an M.B.A. degree in Business Administration from the University of Utah. Mr. Sill also serves as a member of the Advisory Council of the School of Accounting and Taxation at Weber State University.



Jeffrey R. Stephens has served as General Counsel and Corporate Secretary of the Company since December 2008. Mr. Stephens had served as General Counsel for the Company from November 2006 to December 2008. He was in private practice from 1981 to 2006 in the states of Washington and Utah. Mr. Stephens is a member of the Utah State Bar and the Washington State Bar Association. Mr. Stephens holds a B.A. degree in Geography from the University of Utah and received his law degree from Brigham Young University.

The Board of Directors of the Company has a written procedure that requires disclosure to the board of any material interest or any affiliation on the part of any of its officers, directors or employees that is in conflict or may be in conflict with the Company's interests.

No director, officer or 5% stockholder of the Company or its subsidiaries or any affiliates thereof has had any transactions with the Company or its subsidiaries during 2012 or 2011.

All directors of the Company hold office until the next Annual Meeting of Stockholders and until their successors have been elected and qualified.

#### Corporate Governance

**Corporate Governance Guidelines.** The Board of Directors has adopted the Security National Financial Corporation Corporate Governance Guidelines. These guidelines outline the functions of the board, director qualifications and responsibilities, and various processes and procedures designed to insure effective and responsive governance. The guidelines are reviewed from time to time in response to regulatory requirements and best practices and are revised accordingly. The full text of the guidelines is published on the Company's website at [www.securitynational.com](http://www.securitynational.com). A copy of the Corporate Governance Guidelines may also be obtained at no charge by written request to the attention of Jeffrey R. Stephens, General Counsel and Corporate Secretary, Security National Financial Corporation, 5300 South 360 West, Suite 250, Salt Lake City, Utah 84123.

**Code of Business Conduct.** All of the Company's officers, employees and directors are required to comply with the Company's Code of Business Conduct and Ethics to help insure that the Company's business is conducted in accordance with appropriate standards of ethical behavior. The Company's Code of Business Conduct and Ethics covers all areas of professional conduct, including customer relationships, conflicts of interest, insider trading, financial disclosures, intellectual property and confidential information, as well as requiring adherence to all laws and regulations applicable to the Company's business. Employees are required to report any violations or suspected violations of the Code. The Code includes an anti-retaliation statement. The full text of the Code of Business Conduct and Ethics is published on the Company's website at [www.securitynational.com](http://www.securitynational.com). A copy of the Code of Business Conduct and Ethics may also be obtained at no charge by written request to the attention of Jeffrey R. Stephens, General Counsel and Corporate Secretary, Security National Financial Corporation, 5300 South 360 West, Suite 250, Salt Lake City, Utah 84123.

## COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

## SUMMARY COMPENSATION TABLE

The following table sets forth compensation information for fiscal years 2012, 2011 and 2010 for (i) the Company's Chief Executive Officer, (ii) the Company's Chief Financial Officer, and (iii) the Company's three other executive officers, who, based on their total compensation, were the most highly compensated in 2012. The Company refers to them in this Proxy Statement collectively as the "Named Executive Officers."

Name and Principal Position	Year	Salary \$	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
George R. Quist(1) Former Chairman of the Board and Chief Executive Officer	2012	\$203,625	\$53,230	–	--	–	–	\$ 9,483	\$266,338
	2011	285,513	53,230	–	–	–	–	11,308	350,051
	2010	269,013	52,405	–	–	–	–	11,307	332,725
Scott M. Quist(1) Chairman of the Board, President and Chief Executive Officer	2012	\$384,400	\$193,950	–	–	–	–	\$41,330	\$619,680
	2011	384,400	95,000	–	–	–	–	44,140	523,540
	2010	383,317	93,950	–	–	–	–	43,660	520,927
Stephen M. Sill Former Vice President, Treasurer and Chief Financial Officer	2012	\$153,833	\$13,627	–	–	–	–	\$23,987	\$191,447
	2011	149,760	13,500	–	–	–	–	24,056	187,316
	2010	144,000	13,213	–	–	–	–	23,581	180,794
J. Lynn Beckstead, Jr. Vice President of Mortgage Operations	2012	\$255,667	\$144,916	–	–	–	–	\$23,996	\$424,579
	2011	247,583	26,381	–	–	–	–	22,696	296,933
	2010	237,583	21,900	–	–	–	–	22,699	282,182

Jeffrey R. Stephens	2012	\$156,833	\$16,850	–	–	–	–	\$19,926	\$193,609
General Counsel and Corporate Secretary	2011	152,792	30,100	–	–	–	–	19,354	202,246
	2010	147,708	8,000	–	–	–	–	17,145	172,853

- (1) George R. Quist, the father of Scott M. Quist, passed away on September 6, 2012.
- (2) Stephen M. Sill served as the Company's Vice President, Treasurer and Chief Financial Officer from 2002 until his retirement on January 18, 2013. The Company's Board of Directors appointed Garrett S. Sill, son of Stephen M. Sill, to serve as the Company's Acting Chief Financial Officer and Acting Treasurer, effective January 18, 2013.
- (3) The amounts indicated under "Change in Pension Value Non-qualified Deferred Compensation Earnings" consist of amounts contributed by the Company into a trust for the benefit of the Named Executive Officers under the Company's Deferred Compensation Plan.
- (4) The amounts indicated under "All Other Compensation" consist of the following amounts paid by the Company for the benefit of the Named Executive Officers:
- payments related to the operation of automobiles for George R. Quist (\$1,700, \$2,400 and \$2,400 for each of the years 2012, 2011 and 2010, respectively); Scott M. Quist (\$7,200 for each of the years 2012, 2011 and 2010); Stephen M. Sill (\$5,700 for each of the years 2012, 2011 and 2010); and J. Lynn Beckstead, Jr. and Jeffrey R. Stephens (\$0 for each of the years 2012, 2011 and 2010). However, such payments do not include the furnishing of an automobile by the Company to George R. Quist, Scott M. Quist and J. Lynn Beckstead, Jr., nor the payment of insurance and other costs with respect to the automobiles operated by such executive officers;
  - group life insurance premiums paid by the Company to a group life insurance plan for George R. Quist (\$7, \$9 and \$9 for 2012, 2011 and 2010, respectively); Scott M. Quist, Stephen M. Sill and J. Lynn Beckstead, Jr. (\$207, \$223 and \$223 each for 2012, 2011 and 2010, respectively); and Jeffrey R. Stephens (\$207, \$233 and \$115 for 2012, 2011 and 2010, respectively);
  - life insurance premiums paid by the Company for the benefit of George R. Quist (\$4,644 for each of the years 2012, 2011 and 2010); Scott M. Quist (\$15,016 for each of the years 2012, 2011 and 2010); Stephen M. Sill (\$2,976 for each of the years 2012, 2011 and 2010); J. Lynn Beckstead, Jr. (\$4,500 for each of the years 2012, 2011 and 2010); and Jeffrey R. Stephens (\$0 for each of the years 2012, 2011 and 2010);
  - medical insurance premiums paid by the Company to a medical insurance plan for George R. Quist (\$2,934 for 2012, \$3,991 for 2011, and \$3,990 for 2010); Scott M. Quist and J. Lynn Beckstead, Jr. (\$8,644 each for 2012, \$11,637 each for 2011, and \$11,157 each for 2010); Stephen M. Sill (\$8,644 for 2012, \$8,135 for 2011, and \$7,901 for 2010); and Jeffrey R. Stephens (\$12,510 for 2012, \$11,550 for 2011, and \$10,738 for 2010);
  - long term disability insurance premiums paid by the Company to a provider of such insurance for George R. Quist, (\$198 for 2012, \$264 for 2011, and \$264 for 2010), Scott M. Quist, Stephen M. Sill, J. Lynn Beckstead, Jr., and Jeffrey R. Stephens (\$262 each for 2012, \$264 each for 2011, and \$264 each for 2010);
  - membership dues paid by the Company to Alpine Country Club for the benefit of J. Lynn Beckstead, Jr. (\$6,586 for 2012, \$6,645 for 2011, and \$6,855 for 2010).
  - contributions to defined contribution plans paid by the Company: Scott M. Quist (\$10,000 for 2012, \$9,800 for 2011, and \$9,800 for 2010); Stephen M. Sill (\$6,197 for 2012, \$6,758 for 2011, and \$6,517 for 2010); J. Lynn Beckstead Jr. (\$0- for 2012, \$0- for 2011, and \$9,800 for 2010); and Jeffrey R. Stephens (\$6,947 for 2012, \$7,316 for 2011, and \$6,028 for 2010);





## SUPPLEMENTAL ALL OTHER COMPENSATION TABLE

The following table sets forth all other compensation provided to the Named Executive Officers for fiscal years 2012, 2011 and 2010.

Name of Executive Officer	Year	Perks and Other Personal Benefits	Tax Reimbursements	Discounted Securities Purchases	Payments/Accruals on Termination Plans	Registrant Contributions to Defined Contribution Plans	Insurance Premiums	Dividends or Earnings on Stock or Option Awards	Other
George R. Quist	2012	\$1,700	—	—	—	—	\$ 7,783	—	—
	2011	2,400	—	—	—	—	8,908	—	—
	2010	2,400	—	—	—	—	8,907	—	—
Scott M. Quist	2012	\$7,200	—	—	—	\$10,000	\$24,130	—	—
	2011	7,200	—	—	—	9,800	27,140	—	—
	2010	7,200	—	—	—	9,800	25,660	—	—
Stephen M. Sill	2012	\$5,700	—	—	—	\$6,197	\$12,090	—	—
	2011	5,700	—	—	—	6,758	11,598	—	—
	2010	5,700	—	—	—	6,517	11,364	—	—
J. Lynn Beckstead, Jr.	2012	\$6,586	—	—	—	—	\$17,410	—	—
	2011	6,645	—	—	—	—	16,324	—	—
	2010	6,855	—	—	—	\$9,800	15,844	—	—
Jeffrey R. Stephens	2012	—	—	—	—	\$6,947	\$12,979	—	—
	2011	—	—	—	—	7,316	12,038	—	—
	2010	—	—	—	—	6,028	11,117	—	—

## GRANTS OF PLAN-BASED AWARDS

The following table sets forth certain information regarding options granted to the Named Executive Officers during the fiscal year ended December 31, 2012.

Name of Executive Officer	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date on Closing Price (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)				
George R. Quist	4/13/12	–	–	–	101,250 (1)	\$1.63	\$1.56	\$57,863
Scott M. Quist	4/13/12	–	–	–	105,000 (1)(2)	\$1.63	\$1.56	\$59,993
Stephen M. Sill	4/13/12	–	–	–	7,688 (1)	\$1.48	\$1.56	\$ 5,069
J. Lynn Beckstead, Jr	4/13/12	–	–	–	18,450 (1)	\$1.48	\$1.56	\$12,164
Jeffrey R. Stephens	4/13/12	–	–	–	5,125 (1)	\$1.48	\$1.56	\$ 3,379

(1) The stock options have been adjusted for the 5% annual stock dividend declared on December 7, 2012 and paid on February 1, 2013.

(2) On April 13, 2012, Scott Quist was granted stock options to purchase 100,000 shares of Class A common stock at an exercise price of \$1.63 per share or 1,000,000 shares of Class C common stock at an exercise price of \$.163 per share, or any combination thereof.

OUTSTANDING EQUITY AWARDS AT FISCAL 2012 YEAR END

The following table sets forth information concerning outstanding equity awards held by Named Executive Officers at December 31, 2012.

Name of Executive Officer	Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (1) (#)	Option Awards			Stock Awards		
			Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of