

# Premium Deposit Agreement

Midland National® Life Insurance Company

The Premium Deposit Agreement (Agreement) can provide a simple solution to fund a life insurance policy with a lump sum and not create a Modified Endowment Contract (MEC)<sup>1</sup>. With one lump sum payment, it establishes an account called a Premium Deposit Account (PDA) that automatically pays the first and future annual premiums.

<b>Highlights</b>	<p>Available at no extra cost to establish or maintain.</p> <p>Current interest rate of 4%, subject to change in the future.</p> <p>Maximum of 10 annual premium payments.</p> <p>Credited rate is locked in at time of deposit.</p> <p>In the majority of states, the Agreement is not a part of the life insurance policy. It is an Agreement outside the contract.</p>
<b>Availability</b>	<ul style="list-style-type: none"> <li>• The Agreement is available for single life indexed universal life policies.</li> <li>• Is only available at time of policy issuance (cannot be added to an in-force policy).</li> </ul>
<b>Deposit limits</b>	<p><b>Minimum initial deposit</b></p> <ul style="list-style-type: none"> <li>• \$10,000</li> </ul> <p><b>Maximum deposit amount</b></p> <ul style="list-style-type: none"> <li>• The maximum deposit amount is limited by the premium limits imposed upon the product.</li> <li>• The maximum cannot exceed 10 times the policy's annual planned premium.</li> </ul> <p><b>Maximum number of deposits</b></p> <ul style="list-style-type: none"> <li>• Only one deposit can be made within the first year. Two additional deposits can be made after year one.</li> <li>• The additional deposits can be made at any time while the PDA is active but funds must be distributed no later than the 10th policy anniversary. The following will also apply:             <ul style="list-style-type: none"> <li>» Each of the new premium payments must be equal; and</li> <li>» The new premium amount must be equal to or greater than the current planned premium amount.</li> </ul> </li> </ul>
<b>Premium payments</b>	<p>Minimum number of payments required to elect the PDA – 3 payments</p> <p>Maximum number of payments – 10 payments</p> <p>The total premium amount applied to the life insurance policy consists of the amount taken from the PDA plus the interest credited on that amount. Annual premiums are paid on the policy anniversary date to avoid the policy becoming a MEC.<sup>1</sup></p> <p>If the amount in the PDA is not enough to cover an annual premium due, the PDA balance is applied to the premium and the Agreement is terminated. Written notice is provided to the policyowner and direct billing of premiums begin.</p> <p>A policy with a PDA</p> <ul style="list-style-type: none"> <li>• Additional premium payments, in addition to PDA funds, can be made to the policy. Any additional payments are not billed for or withdrawn through EFT.</li> </ul> <p><small>*Note: if the additional premium causes the policy to become a MEC<sup>1</sup>, the Agreement will be terminated (see 'Termination' section of this flyer).</small></p> <ul style="list-style-type: none"> <li>• The mode of payment must be annual direct.</li> </ul>

<b>Interest crediting</b>	<p>The interest crediting rate is set at the time of the deposit and is locked in for the duration of the PDA. Interest is not credited until the premium payment is taken from the PDA for payment into the policy. If the PDA has more than one deposit, each deposit will be credited separately and could have different rates if the credit rate has changed since the time of the initial deposit.</p> <p>The total premium amount applied to the policy will consist of (1) an amount taken from the PDA, and (2) interest accrued on the account.</p> <p>The interest is not tax-deferred. The policyowner will receive an annual 1099-INT tax form for income tax purposes.</p> <p>Early withdrawal of PDA deposits is allowed, but no interest is credited to such deposits (subject to state variations).</p>
<b>Withdrawals</b>	<p>Only full withdrawals are allowed in the majority of states. A full withdrawal, or any partial withdrawal, will result in the termination of the Premium Deposit Agreement. Loan and withdrawals can be accessed from the policy cash surrender value during the PDA funding period.</p>
<b>Termination</b>	<p>Early withdrawal of PDA deposits is allowed, but will terminate the Agreement. If the Agreement is terminated as a result of a FULL withdrawal, the Agreement holder will receive interest at an annual rate equal to the Termination Interest Rate (.50%). If the Agreement is terminated, it cannot be reinstated. The Agreement is terminated if any of the following conditions exist:</p> <ul style="list-style-type: none"> <li>• The policy associated with the Agreement is terminated.</li> <li>• When the PDA balance is zero, or it has reached the end of the premium payment period.</li> <li>• Upon death of the insured where the holder is the same as the insured, the Agreement will terminate and the PDA termination value plus any accrued interest will become payable to the beneficiary. Upon death of the insured where the holder is different than the insured, the Agreement will terminate and the PDA termination value plus any accrued interest will become payable to the holder.</li> <li>• A full withdrawal from the PDA is made.</li> <li>• The policy associated with the Agreement becomes a MEC, or a full premium from the PDA would cause the policy to form a MEC.<sup>1</sup></li> <li>• The premium amount is decreased on the policy associated with the Agreement.</li> </ul>
<b>Compensation</b>	<p>There is no additional compensation. Agent compensation is dependent on the life insurance policy.</p>
<b>1035 Exchanges</b>	<p>1035 Exchanges into the PDA are not allowed. Money from a 1035 Exchange must go directly into the life insurance policy.</p>
<b>Form number</b>	<p>Premium Deposit Agreement is issued on form series TRI95, or state variation, by Midland National Life Insurance Company, West Des Moines, IA. Products, features, riders, endorsements, or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.</p>

1. For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

THIS AGREEMENT IS NOT INTENDED TO BE USED FOR INVESTMENT PURPOSES.

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