

# Consumer Guide

Indexed Universal Life Insurance - **Cash Value**

More than **You** expect





**Indexed Universal Life Insurance** is more than most people might expect.

It can help...

- Provide financial help to your family in a time of need
- Supplement your retirement income, generally tax free
- Pay medical bills during an illness
- Pay off debts like credit cards and student loans
- Pay down – or pay off – a mortgage
- Pay college tuition

It can **exceed** your expectations.

## Indexed Universal Life Insurance...

can provide **protection** and **growth** for when you may need it most.

It combines the traditional death benefit protection provided by life insurance, plus the potential for cash value growth linked to the performance of a stock market index with a minimum interest rate guarantee.



## Death benefit protection can be more powerful than you might expect.

Indexed Universal Life Insurance pays a benefit to the named beneficiary in the event of the death of the insured. The proceeds from a death benefit can be used to replace an income stream, help pay off a mortgage, minimize student loans, transfer a business, and more. Better yet, the money can pass to the beneficiaries **generally free from income taxes and without being subject to probate**. Indexed Universal Life Insurance is a permanent policy, so it won't expire after a set time frame like term insurance.

## Expect the opportunity for cash value **growth** without the risk of directly investing in the stock market.

Indexed Universal Life provides the opportunity to earn interest based on the upward movement of the stock market. Although growth is based on a stock market index, your money is not actually invested in the market, offering you a viable alternative to higher risk products.

### PRODUCT HIGHLIGHTS

## XL-CV5

### Protection

#### Death benefit options

Indexed Universal Life Insurance - Cash Value (XL-CV5) offers two death benefit options to meet your expectations. A level death benefit is equal to the face amount. An increasing death benefit is equal to the face amount plus the account value. Talk with your financial professional about what is right for you and your loved ones.

#### No-lapse guarantee

As long as you pay the premium requirement specified in your policy, Midland National guarantees your policy will not lapse for 20 years (or age 70 if earlier) for issue ages 0-54, or 15 years for issue ages 55+. If you do not meet this requirement, significantly higher premiums may be necessary to keep the policy in effect. Paying a premium that is equal to, but not greater than the no lapse guarantee premium will keep the policy in effect but may result in a negative zero account balance. By paying only the premium required to satisfy the no-lapse guarantee, you could forgo the advantage of building potential cash value.

### Potential growth

Some of your premium payment is used to pay for the costs of insurance. You can allocate the rest to either a Fixed Account that offers a guaranteed minimum interest rate of 1.5%, an Index Account linked to the growth of a stock market, index, or a combination of both. Growth in both the Fixed Account and the Index Account is tax-deferred<sup>1</sup> and credited on the beginning account value prior to taking out the cost of insurance.

#### How an index account works

At the end of the designated period, the change in index value is calculated using the appropriate index crediting method. If the calculation results in growth, the interest is credited to your policy's beginning account value. If the calculation results in negative growth, or no growth, the value in the Index Account will remain the same.

### And much more

#### Never less than zero percent

The Index Account has a zero percent floor and its starting value resets every year. If the index experiences negative growth or no growth, negative credits will not be applied to the Index Account, as we provide a 0% floor on any index credits. The index credited will not be less than zero percent. Bottom line – negative index performance from previous years won't hinder your earning potential in the current year. The Index Account is also subject to a cap, or a maximum interest rate that is used in the calculation of the index credit. The index cap rate will be declared for each Index Segment in advance of each Index Period.

#### Minimum account value

This feature guarantees a 2.5% average annual return calculated from policy issue regardless of whether premiums were allocated to the Fixed Account or the Index Account. Every ten years or upon death, lapse, surrender, or policy maturity, we'll compare the account value to the Minimum Account Value, and if the Minimum Account Value is greater than the account value generated by the actual index credits and the actual interest credited, the Minimum Account Value is used.

#### Living benefits

The main benefit of life insurance is the invaluable death benefit protection it provides, but Midland National also offers Accelerated Death Benefits, which means you may be able to utilize a portion of the death benefit while you're living. With Accelerated Death Benefits, the policyowner can accelerate a portion of the death benefit, should the insured become critically, chronically, or terminally ill, subject to eligibility. The funds can be used to cover any expense, including nursing or home health costs. These benefits are included for no additional premium charge at issue on eligible policies.<sup>2</sup>



# More than you might expect

## Loans and withdrawals<sup>3</sup>

XL-CV5 offers standard, variable interest rate, and net zero-cost loans.<sup>4</sup> For more information and to determine which policy loan may be right for you, please ask your agent for the Accessing Your Cash Value brochure.

# Set your own expectations

With permanent Indexed Universal Life Insurance from Midland National, you can:

- Choose the amount of death benefit protection that is right for you and your family
- Set the amount of premium(s) and the number of years to pay
- Decide the frequency of planned premiums (monthly, quarterly, semi-annually, annually)
- Determine a level death benefit or allow it to increase over time

Make sure you have the right combination of protection and growth in your life insurance policy. XL-CV5 can be an effective way for you to address your needs and goals, and an opportunity to meet and exceed your expectations.

# Choose Midland National for your life insurance protection.

## Strength & stability since 1906

With over 110 years of business under our belt, Midland National's continued and consistent financial strength is a result of our conservative and disciplined investment strategy, our private ownership structure, and doing what is right for our policyowners.

## Privately owned and customer focused

As a privately owned company, Midland National is not subject to the short-term earnings pressures that publicly held companies often face. We are a company with plans to perpetuate itself for hundreds of years, not the next quarter or the next fiscal year. We focus on the long term. We focus on you.

## High ratings for financial strength

Independent agency ratings provide a vital picture of an insurer's ability to keep its commitments to you, the customer. As a company, we've received A+ marks from A.M. Best, Fitch, and Standard and Poor's. These ratings are based on financial strength, operating performance, and ability to meet our obligations to our policyholders and contract holders. Our consistent high ratings show that with Midland National you aren't just buying a product. You're buying a commitment to you and your family.

Contact your Midland National financial professional **today** to help you develop a plan that is tailored to your specific needs.

The term financial professional is intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a commission on the sale of an insurance product.

Indexed Universal Life products are not an investment in the “market” or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Neither Midland National nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

1. The tax-deferred feature of the indexed universal life policy is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your needs. Before purchasing this policy, you should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

2. An administrative fee is required at time of election for the terminal and chronic illness benefit. There is no administrative fee for the critical benefit. The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated.

3. Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract (MEC), as defined by section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a MEC is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Distributions from MECs are subject to federal income tax to the extent of the gain in the policy and taxable distributions are subject to a 10% additional tax prior to age 59 1/2, with certain exceptions. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your specific situation. Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

4. Net Zero Cost Loans are loans charged and credited at the same interest rate percentage for a net zero cost. The policy year and amount available vary by product. Net zero cost loans are available on our universal life products after a specified number of years. Please refer to your policy for details.

Texas Residents: Receipt of acceleration-of-life-insurance benefits may affect you, your spouse's or your family's eligibility for public assistance programs such as medical assistance (Medicaid), Aid to Families with Dependent Children (AFDC), supplementary social security income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such a payment will affect you, your spouse's and your family's eligibility for public assistance.

Life insurance policies have terms under which the policy may be continued in force or discontinued. Current cost of insurance rates and interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. Failure to meet premium requirements may result in a lapse in the policy and participation in the Index Accounts. The Index Accounts are subject to caps and participation rates. In no case will the interest credited be less than 0 percent. Please refer to the customized illustration provided by your agent for additional detail. The policy's death benefit is paid upon the death of the insured. The policy does not continue to accumulate cash value and excess interest after the insured's death. For costs and complete details, call or write Midland National Life Insurance Company, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Telephone: 800-843-3316

A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to contract holders. A+ (Superior) is the second highest rating out of 15 categories, and was affirmed for Midland National Life Insurance Company as part of Sammons Financial Group on July 6, 2017.

Standard and Poor's awarded its “A+” (Strong) rating for insurer financial strength on February 26, 2009 and affirmed on October 19, 2016 to Midland National Life Insurance Company as part of Sammons Financial Group. The A+ (Strong) rating, which is the fifth highest out of twenty-two, reflects the financial strength of Midland National Life Insurance Company, member of Sammons Financial Group.

A+ Stable Rated by Fitch Ratings. Fitch Ratings, a global leader in financial information services and credit ratings, on May 2, 2017, assigned an Insurer Financial Strength rating of A+ Stable for Midland National. This rating is the fifth highest of 19 possible rating categories. The rating reflects the organization's strong business profile, low financial leverage, very strong statutory capitalization and strong operating profitability supported by strong investment performance. For more information, read the Fitch Ratings Report.

XL-CV5 (policy form series L140), Accelerated Death Benefit Endorsement for Critical, Chronic Illness and Terminal Illness (form series TR169), are issued by Midland National Life Insurance Company, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Products, features, endorsements, riders or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply. Midland National is not licensed in NY.



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