

College funding

with indexed universal life insurance

Products issued by Midland National® Life Insurance Company

Many parents hope and plan for their children's future education. But what if an unexpected death or illness prevents you from working and saving for those expenses? Life insurance can provide a way to help fulfill your wishes and financial goals to fund an education by providing death benefit protection in your absence or through loans and withdrawals if the policy remains in force.

College costs are rising

While most people understand that the cost of a college education has been steadily rising, few realize the magnitude of the increase. Earning a college degree today can now cost a significant amount — and historically that amount continues to rise faster than the rate of inflation.¹ In the 2024-25 school year, average total charges (tuition, fees, and room and board) increased 2.7% for four-year in-state universities.¹

College cost have been trending upward for the past 30 years. While the economic landscape may buck that trend, long-term projections of rising costs and projections still remain into the future. Are you prepared? Figure 1 (see next page) shows the average annual published college cost (tuition, fees, and room and board) for a public four-year institution. In other words, this chart shows the annual cost of college with the effects of inflation removed.

A solution from an unexpected source

Using your personal savings should be the primary source for college funding. However, there is one “flaw” with personal savings. If the family's primary breadwinner passes unexpectedly, personal savings plans generally come to an abrupt end. A life insurance policy can help ensure the full funding amount is immediately available to pay for college.

In addition to the death benefit, a permanent life insurance policy can build cash value you can access for college expenses. A policy that accumulates cash value, such as an indexed universal life policy, can provide a way to help pay for college costs. Some of the advantages include:

Tax-deferred growth² — Cash value growth inside the policy is tax-deferred.

Policy loan options³ — Access cash value from the policy to help pay college costs through policy loans, which are generally free from income tax.

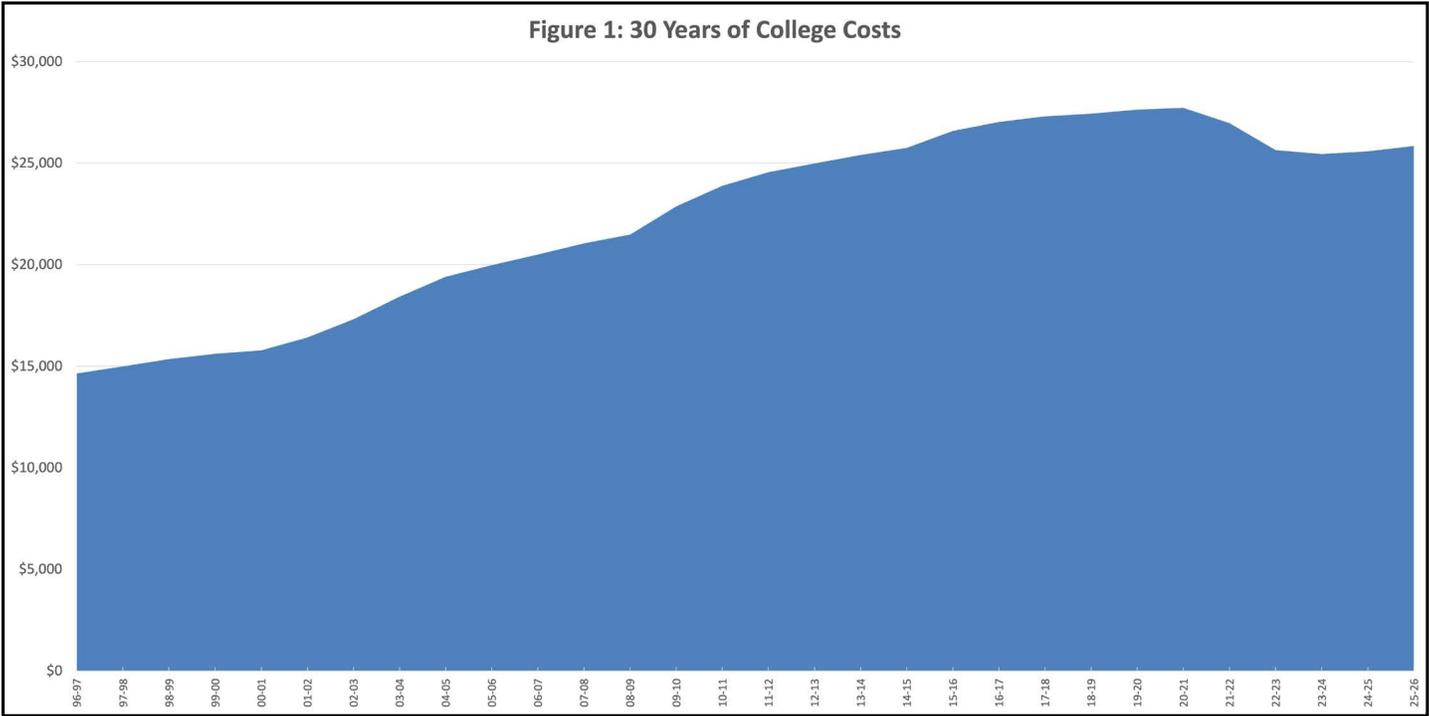
1. The College Board, Trends in College Pricing and Student Aid 2024, <https://trends.collegeboard.org/college-pricing>. Accessed November 2025.

2. The tax-deferred feature of the indexed universal life policy is not necessarily 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.

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 59½, 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.

As independent financial professionals, it is up to you to choose whether this sales concept contained in these materials might be appropriate for use with your particular sales strategy and clients. Please note that Midland National does not require you to use this sales concept; it is a resource that can be used at your option for your own individualized sales presentations if appropriate for the particular client and circumstances.

The primary purpose of life insurance is to provide a death benefit to beneficiaries. Because of the uncertainty surrounding all funding options except savings, it is critical to make personal savings the cornerstone of your college funding program. However, even a well-conceived savings plan can be vulnerable. Should you die prematurely, your savings plan could come to an abrupt end. To protect against this unexpected event, life insurance may be the only vehicle that can help assure the completion of a funding plan. In addition to the financial protection aspect of insurance, the tax-deferred buildup of cash values can be part of your college savings plan. Generally, distributions up to the contract's cost basis are tax free. Moreover, loans in excess of the cost basis are also tax free as long as the policy remains in force.



Average annual published college cost (tuition, fees, room and board) for a public four-year institution in 2024 dollars. This chart shows the annual cost of college with effects of inflation included. Data from the *2024 Trends in College Pricing* published by the College Board.

Next steps

College costs have historically risen at a rate faster than inflation. The amount you are saving may not be enough. If you have a need for death benefit protection and are considering the potential costs of college, make sure your goals are being met. Talk to your financial professional about an indexed universal life insurance policy from Midland National.



Permanent life insurance requires monthly deductions to pay the policy's charges and expenses, some of which will increase as the insured gets older. These deductions may reduce the cash value of the policy. The term financial professional is not 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.

Life insurance policies have terms under which the policy may be continued in force or discontinued. Permanent life insurance requires monthly deductions to pay the policy's charges and expenses, some of which will increase as the insured gets older. These deductions may reduce the cash value of the policy. Current cost of insurance rates and current interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. For costs and complete details, refer to the policy or call or write Midland National Life Insurance Company, One Sammons Plaza, Sioux Falls, SD 57193. Telephone 800-923-3223.

Indexed Universal Life Insurance 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.

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