

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 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 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 or in the applicable index, offering you another viable low risk option.

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. Failure to meet premium requirements may result in a lapse in the policy and participation in the Index Accounts.

Opportunity for Growth

Some of your premium payment is used to pay for the cost 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 performance of one or more stock market indices, or a combination of both. Growth in both the Fixed Account and the Index Account is tax-deferred¹ 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 earnings are 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.

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. If the Account Value is less than the Minimum Account Value, the Account Value will be increased so that it is at least as large as the Minimum Account Value. The increase will be added to the Fixed Account. If the Account Value is greater than the Minimum Account Value, no change is made to the Account Value or to the Minimum Account Value.

And much more

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 acceleration of the death benefit pays unrestricted cash benefit when the insured has become critically, chronically, or terminally ill or otherwise eligible for benefits from a qualified event. These benefits are included for no additional premium charge at issue on eligible policies.²

Comparing Midland National Accelerated Death Benefits for Chronic Illness and Long-term Care Insurance

This comparison outlines the differences between chronic illness benefits provided by the Accelerated Death Benefit Endorsement for Chronic Illness that is issued with a life insurance policy by Midland National® Life Insurance Company and benefits provided by a typical qualified long-term care insurance policy. This overview is intended to help you understand these differences so you and your life insurance agent can determine which may be right for you.

Midland National's chronic illness endorsement is not intended to provide, and never will provide, Long-Term Care (LTC) insurance and should not be used to replace Long-Term Care insurance.

	Midland National's Accelerated Death Benefit Endorsement for Chronic Illness	Typical Qualified LTC Insurance Policy (Not Provided in Connection with Life Insurance)
Description of Benefits	Midland National's endorsement advances payment of a portion of the Policy Death Benefit if the insured becomes chronically ill (as defined in the tax law) and satisfies other qualifying conditions. The Accelerated Death Benefit Payment is paid in a lump sum or periodic payments, as chosen by the policyowner, for the 12 month period of the insured's chronic illness. The Accelerated Death Benefit Payment will be less than the portion of the Policy Death Benefit that is accelerated (i.e., the Accelerated Death Benefit) due to the imposition of an actuarial discount and administrative fee.	The typical qualified LTC policy (as defined in section 7702B of the Internal Revenue Code) provides LTC benefits upon the insured's chronic illness. Most qualified LTC policies are designed to pay or reimburse only qualified LTC services. ³ Also, such policies generally pay LTC Benefits only if the insured is confined in certain types of facilities (such as a nursing home or assisted living facility) or is receiving home care from providers that satisfy criteria set forth in the policies.
Qualifying Conditions for Benefit Payment	A Licensed Health Care Practitioner (as defined in the tax law) must certify that: (1) The insured is expected to be permanently unable to perform for at least 90 consecutive days, without Substantial Assistance ⁴ from another person, at least two Activities of Daily Living ⁵ (ADLs); OR (2) The insured requires Substantial Supervision ⁶ by another person to protect oneself from threats to health and safety due to Severe Cognitive Impairment. ⁷	The qualifying event for receipt of benefits under typical qualified LTC insurance policies is similar to that described for the Accelerated Death Benefit Endorsement. Such policies usually do not require the condition to be permanent. However, they typically provide benefits only to the extent of expenses actually incurred for qualified LTC services. Also, benefits generally are available only if the insured is confined to certain facilities or receiving home care from providers that satisfy criteria set forth in the policies. It is necessary for the policy owner to submit proof with respect to these costs. (Some qualified LTC policies pay an indemnity benefit that does not reimburse specified costs for qualified LTC services, but such policies are less common and generally more costly.)
Underwriting	Midland National will only issue the life insurance policy based on an acceptable underwriting record with respect to the insured's health. Also, a supplemental application relating to coverage of chronic illness will be required to determine eligibility for this benefit at the time of the application for life insurance.	The insured's health is underwritten specifically for factors that might affect LTC need. Results can affect premiums or cause the insurer to decline to issue the coverage.

Amount of Benefits	The maximum Accelerated Death Benefit for each claim (based on a certification of chronic illness) is the smaller of 24% of the Policy Death Benefit on the Initial Election Date or \$240,000. The Accelerated Death Benefit Payment is the present value of the Accelerated Death Benefit (i.e., Policy Death Benefit that is being accelerated). An actuarial discount based on mortality, interest and other factors will be applied, so that the amount of the Accelerated Death Benefit Payment will be less than the reduction in Policy Death Benefit resulting from such payment. The maximum Accelerated Death Benefit that can be requested is \$1,000,000.	Under typical qualified LTC policies, a daily maximum benefit amount and maximum lifetime benefit for coverage may be selected at the issuance of the policy, and the policy is priced accordingly. For example: a policy may provide a daily benefit of \$150/day for 36 months. Prospective policy owners must be offered an inflation protection option for a separate charge that, if selected, increases daily and lifetime benefit maximums to keep up with increases in the cost of care.
Elimination Period	A claim may be filed after 90 consecutive days have elapsed from the date on which the insured was certified as chronically ill and otherwise satisfied the Qualifying Event criteria set forth in the endorsement.	Qualified LTC policies vary with respect to whether they impose an elimination period requirement. An elimination period or “waiting period” is the period of time you must wait before receiving benefits after you qualify for care and otherwise are eligible to receive benefits. Elimination period options are generally 0, 30, 90 or 100 days. For policies that include elimination periods, expenses incurred during the elimination period are not reimbursable.
Cost	There is no additional premium to have the endorsement available on your life insurance policy. If you choose to elect an Accelerated Death Benefit, an administrative fee will apply when the Accelerated Death Benefit Payment is made. Also, the actual benefit payment received in connection with any acceleration (i.e., the Accelerated Death Benefit Payment) will be reduced by an actuarial discount and thus will be lower than the amount by which the Policy Death Benefit is reduced.	Premiums vary widely based on the daily maximum benefit, maximum benefit coverage period, inflation protection, or other options.
Taxation of Benefits	Under Section 101(g) of the Internal Revenue Code (26 U.S.C. Sec. 101(g)), accelerated benefits due to an insured’s chronic illness generally are excludable from income for federal tax purposes, and thus such benefits generally are not subject to income tax ⁸ . This favorable income tax treatment applies only to the extent of the tax law’s “per diem limitation,” which typically equals an inflation-indexed amount published by the IRS each year. The endorsement provides Accelerated Death Benefit Payments that generally are intended to receive favorable tax treatment to the extent of the per diem limitation under Section 101(g). Certain exceptions apply, however, where this favorable treatment does not apply (e.g., in the case of certain policies purchased in a business context or where a policy has been sold).	Where a qualified LTC policy reimburses expenses incurred for qualified LTC services, benefits usually will be excludable from income under Section 104(a)(3) of the Internal Revenue Code (26 U.S.C. Sec. 104(a)(3)). Where a policy provides indemnity benefits (i.e., that do not reimburse specific expenses), benefits generally are excludable from income to the extent of the per diem limitation.

Effect on Death Benefit and Other Policy Values	<p>The Policy Death Benefit is reduced by the Accelerated Death Benefit that is requested. Since the death benefit is being paid early, the portion of the Policy Death Benefit that is accelerated will be discounted and reduced, so that the Accelerated Death Benefit Payment paid will be less than the reduction in the Policy Death Benefit that occurs due to such payment. The Policy's cash value and loan balance will be reduced on a pro rata basis (based on the percentage reduction in the Policy Death Benefit). If the Policy remains in force, any remaining Policy Death Benefit that is not accelerated will be paid to the beneficiary upon due proof of death of the insured. For example, if a Final Election of an Accelerated Death Benefit under the endorsement occurs, a residual Death Benefit will be paid to the beneficiary in a lump sum upon due proof of death of the insured.</p>	<p>Qualified LTC policies usually have no death benefit or cash value. For an additional premium charge, some policies provide a return of premium benefit upon the insured's death (and in rare cases upon policy surrender).</p>
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More Than You Might Expect

Loans and Withdrawals⁹

XL-CV5 offers standard, variable interest rate, and net zero-cost loans.¹⁰ 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.

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. Qualified Long-Term Care Services are defined by the IRS as: necessary diagnostic, preventative, therapeutic, curing, treating, mitigating, rehabilitative services and maintenance and personal care services required by a chronically ill individual and provided pursuant to a plan of care prescribed by a licensed health care practitioner. Source: Internal Revenue Code § 7702B(c)(1).

4. Substantial Assistance – means hands-on assistance and standby assistance. Hands-on assistance means the physical assistance of another person without which the individual would be unable to perform the ADL. Standby assistance means the presence of another person within arm's reach of the individual that is necessary to prevent, by physical intervention, injury to the individual while the individual is performing the ADL (such as being ready to catch the individual if the individual falls while getting into or out of the bathtub or shower as part of bathing, or being ready to remove food from the individual's throat if the individual chokes while eating).

5. Activities of Daily Living – are the following basic human functional abilities which measure the Insured's ability to live independently without Substantial Assistance from another person: Eating, Bathing, Continence, Dressing, Toileting, and Transferring.

6. Substantial Supervision – means continual supervision (which may include cuing by verbal prompting, gestures, or other demonstrations) by another person that is necessary to protect the Severely Cognitively Impaired individual from threats to his or her health or safety (such as may result from wandering).

7. Severe Cognitive Impairment – means a loss or deterioration in intellectual capacity that is (a) comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia, and (b) measured by clinical evidence and standardized tests that reliably measure impairment in the individual's short-term or long-term memory, orientation as to people, places, or time, and deductive or abstract reasoning.

8. NEITHER MIDLAND NATIONAL® LIFE INSURANCE COMPANY NOR ITS AGENTS GIVE TAX ADVICE. Any statements relating to taxes contained herein cannot be relied upon for any purpose, including for avoiding penalties under the Internal Revenue Code.

Prior to electing to buy the Accelerated Death Benefit, you should seek assistance from a qualified tax adviser. Receipt of Accelerated Death Benefits may affect eligibility for public assistance programs, such as Medi-Cal or Medicaid. Prior to electing to buy an Accelerated Death Benefit, you should consult with the appropriate social services agency concerning how receipt of Accelerated Death Benefits may affect that eligibility.

9. 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.

10. 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.

This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy does not provide long-term care insurance subject to California long-term care insurance law. This policy is not a California Partnership for Long-Term Care program policy. This policy is not a Medicare supplement policy.

Payment of accelerated death benefits paid under this endorsement is intended for favorable tax treatment under Section 101(g) of the Internal Revenue Code. Accelerated death benefit payments are subject to limits imposed by the federal government and any amounts received in excess of these limits are includible in gross income. You should seek assistance from a qualified tax adviser for assistance with any questions you may have.

AN ACCELERATED DEATH BENEFIT FOR CHRONIC ILLNESS IS NOT LONG-TERM CARE INSURANCE NOR IS IT INTENDED TO REPLACE LONG-TERM CARE INSURANCE.

THE ACCELERATED DEATH BENEFIT ENDORSEMENT FOR CRITICAL ILLNESS IS NOT HEALTH INSURANCE NOR IS IT INTENDED TO REPLACE HEALTH INSURANCE.

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.

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. 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, One Sammons Plaza, Sioux Falls, SD 57193. Telephone: 800-923-3223

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 Indexed Universal Life (policy form series L140), Accelerated Death Benefit Endorsement for Critical Illness (form TR197), Accelerated Death Benefit Endorsement for Chronic Illness (form TR193), and Accelerated Death Benefit Endorsement for Terminal Illness (form series TR156) 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.



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