

Term vs. Permanent life insurance

Have you weighed your options?

There are two main types of life insurance on the market today – term and permanent life insurance. Term life insurance is one of the most recognizable types of insurance. It provides short-term coverage at an affordable price. It also gives the flexibility of varying policy lengths and provides a death benefit if you die during the coverage period. Although there is definitely a need for term life insurance, it does not build up any cash value, and as indicated in the charts below, the increase in life expectancy provides you with a good chance of outliving the duration of your term policy.

Probability of surviving*

Male Preferred Non- Tobacco			
Issue age	10 years	15 years	20 years
30	99.7%	99.3%	98.8%
35	99.6%	99.1%	98.3%
40	99.4%	98.7%	97.5%
45	99.2%	98.1%	96.0%
50	98.7%	96.9%	93.7%
55	97.9%	95.0%	89.4%
60	96.5%	91.2%	81.1%

Female Preferred Non- Tobacco			
Issue age	10 years	15 years	20 years
30	99.8%	99.5%	99.1%
35	99.7%	99.3%	98.6%
40	99.5%	98.9%	97.9%
45	99.3%	98.4%	96.9%
50	98.9%	97.5%	95.1%
55	98.3%	96.2%	92.1%
60	97.4%	93.8%	86.2%

The benefits of permanent life insurance

- Permanent life insurance offers death-benefit protection for your entire life, no matter when you die, as long as the policy is in effect.¹
- Permanent life insurance offers opportunities for cash value accumulation, which may be utilized for personal or business needs while you are living.

Considerations

There are also some considerations of using permanent life insurance such as:

- **Cost of insurance charges (COIs) or other charges:** Life insurance comes with charges that you need to be aware of for planning purposes.
- **Loss of premium:** Depending on funding, life insurance may not guarantee avoiding loss of premium.
- **Maintaining the death benefit:** Additional premiums may be necessary to continue the desired death benefit, depending on funding.
- **Surrender charges:** Withdrawals may be subject to surrender charges and the amount available for policy loans.²

**Talk to your agent for more information
and decide what's best for you.**

*Statistics based on 2015 ANB Select Valuation Basic Tables. Please note that the non-tobacco percentages will be lower for standard classes and higher for preferred plus, and all tobacco percentages will be lower.

Life expectancy table – Expectation of life at age (x)

Source: The Center for Disease Control, National Vital Statistics Report, United States Life Tables, August 2022.

Age	Female	Male
0	79.9	74.2
1	79.3	73.6
5	75.3	69.7
10	70.4	64.7
15	65.4	59.8
20	60.5	55.0
25	55.7	50.5
30	50.9	45.9
35	46.2	41.5
40	41.5	37.0
45	36.9	32.7
50	32.4	28.4
55	28.0	24.3
60	23.8	20.5
65	19.8	17.0
70	15.9	13.7
75	12.4	10.6
80	9.2	7.8
85	6.5	5.5
90	4.4	3.7
95	2.9	2.5
100	2.0	1.8

1. Subject to premium payment requirements.

2. 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. 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.

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 account 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, call or write Midland National Life Insurance Company, One Sammons Plaza, Sioux Falls, SD 57193. Telephone (800) 923-3223.

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