

Indexed universal life insurance

Issued by Midland National® Life Insurance Company

Accessing your policy's cash value

- **Strategic Protector® IUL**
- **Strategic Accumulator® IUL 3**
- **Strategic Accelerator® IUL 3**

The primary purpose of a life insurance policy is the protection that the death benefit provides. However, in case of financial emergencies, temporary financial setbacks, or to help supplement retirement income, you have access to the policy's cash value through withdrawals and loans.

What is cash value?

Simply put, cash value is the amount of money left inside the policy after monthly deductions associated with the policy as well as any surrender charges are deducted from the premium payments and any interest earned is added in. Generally, life insurance is a long-term commitment, so if the policy is structured to do so, large amounts of cash value may accumulate.

Withdrawals

Midland National's indexed universal life insurance policies come with an option to withdraw a portion of your policy's cash value. A withdrawal is also sometimes considered a partial surrender of the policy. A withdrawal or partial surrender will permanently reduce the policy's death benefit.

Depending on the tax status of your policy, it is possible to make a withdrawal that is generally tax free.¹ Withdrawals are considered taxable income if they exceed your basis in the policy. The basis is the amount of premium you've paid to that point that has been attributed to the policy's cash value.

Partial surrenders and withdrawals may be subject to a minimum amount. A surrender charge and a processing fee may apply depending on when the request is made. If the Waiver of Surrender Charge is elected at application, there is no withdrawal charge for any partial withdrawals. The specifics differ by product. Please see your specific policy for more details.

Policy loans

A policy loan is money lent by the life insurance company to the policyowner using the policy's death benefit as collateral. There is no credit check, nor does the loan have any effect on the policyowner's credit report, because the policyowner is borrowing from themselves. Policy loans are generally tax free because the IRS recognizes the money as a loan rather than income, depending on the policy's tax status. The policy's cash value is the amount of the death benefit that is eligible for policy loans.

There are two main types of policy loans.

1. **Standard policy loans** – These loans do not participate in the crediting of interest through the policy's index account. They are considered standard policy loans in years 1-5, then starting in policy year 6 they become net zero cost loans.
2. **Participating policy loans** – These loans do participate in the crediting of interest through the policy's index account. There are two types of participating policy loans.
 - Fixed interest participating policy loans (Strategic Accumulator® IUL 3 policies only)
 - Variable interest participating policy loans (also known as variable interest rate policy loans)

Standard policy loans

Midland National declares the interest rate charged for standard policy loans. The rate charged will not be more than the maximum standard policy loan interest rate printed in your policy (typically 6% per year).

The interest rate credited to the loaned portion of your policy's cash value will equal the fixed account guaranteed interest rate printed in your policy (typically 1.5%).

- The net cost of a loan is the difference between the interest rate charged and the interest rate credited.
- The maximum net cost of the loan for standard loans is the difference between the maximum standard policy loan interest rate and the guaranteed interest rate for the fixed account.

Net zero cost loans

Net zero cost loans are loans in which we guarantee the interest rate we charge is the same amount as the interest rate we credit to the portion of loaned funds. The result is a guaranteed net zero cost. Net zero cost loans are typically available starting in policy year six.

Standard and net zero cost loan processing guidelines

- On the date that the loan is processed, if the amount in the fixed account is less than the requested standard loan amount plus any outstanding policy debt, funds will automatically be transferred from the holding account (Strategic Accelerator® IUL 3 and Strategic Accumulator® IUL 3) and/or the index selections to the fixed account before the loan is processed. The policyowner may specify the amount to be transferred from each index selection to the fixed account. If not specified, the transfer will be made using a pro rata method based on the account value, starting with the most recently dated index segments in each index selection.
- If any transfer from the index selections due to a standard loan request occurs before the end of the index period, the transferred amount will not receive any index credit.
- Loan interest is charged in arrears and any unpaid interest is added to the loan balance on the policy anniversary and will bear interest at the same rate as the existing loan.
- Standard policy loans may not be taken at the same time as participating loans.

Participating policy loans

With a participating policy loan, the loaned portion of your policy's cash value will continue to earn interest based on how the money is allocated to the index selections or the fixed account.

Since the loaned amount continues to earn interest, the credits could be more or less than the interest charged on the policy loan.

- When credits are more than the interest charged, the net cost of a variable interest loan would be positive.
- When credits are less than the interest charged, the net cost of the loan could be larger than a standard policy loan. In the extreme example, the amount credited could be zero and the net cost of the loan would equal the interest rate charged on for a participating policy loan.

Fixed interest participating policy loans

Fixed interest participating policy loans are available for Strategic Accumulator IUL 3 only. These loans are available starting in the third policy year. Interest charged on these loans is declared by the company but will never exceed 8% annually. The interest rate credited will be based on the allocation of money between the fixed account and indexed account(s) and the subsequent returns of these accounts. Thus, interest credited may be more or less than interest charged.

Cash value that is attributed to a fixed interest participating policy loans are eligible for an interest bonus. That is, the cash value used as collateral for the loan earns interest credits based upon the index selection, plus a bonus amount. This bonus is guaranteed to never be less than 0.50% annually.

Variable interest participating policy loans

Variable interest participating policy loans (also known as variable interest rate policy loans) charge an interest rate that is tied to a published monthly average. This monthly average is the Moody's Corporate Bond Yield Average as published by Moody's Investors Services, Inc.

The interest rate charged will not be more than the maximum variable loan interest rate shown in the policy (typically 6% per year; see chart for details). The interest rate charged can change on each policy anniversary based on the current published monthly average.

Considerations for participating loans

Participating policy loans may have more uncertainty than standard policy loans in both the interest rate charged and the interest rate credited. This means that the total net cost of the loan is unpredictable.

- Loan interest is charged in arrears and any unpaid interest is added to the loan balance on the policy anniversary and will bear interest at the same rate as the existing loan.
- Participating policy loans may not be taken at the same time as standard policy loans. Fixed interest and variable interest participating loans may not be taken at the same time.

Switching between loan types

If current market conditions change or your preferences change, you may switch your loan type. You can move from a participating policy loan to a standard policy loan. You can also switch between fixed interest participating loan and variable interest participating loan types. The remaining balance will be transferred to the new loan. Our requirement is that only one loan type is available at a time. Additionally, there is no cost for this change, which gives you flexibility to meet your needs.

Overloan protection benefit

The overloan protection benefit will keep your policy in effect when extensive loans are taken, provided the policy is not terminated due to surrender and the policyowner does not take policy loans or withdrawals during the Overloan Protection period. This means that your policy will continue to provide death benefit coverage. If elected, the death benefit guarantee provided by this benefit may help you avoid tax consequences of a policy lapse due to excessive loans or withdrawals. This benefit may be helpful if you plan to use your policy to help supplement income. This benefit may reduce the specified amount and will terminate the protected death benefit. In some circumstances, electing the overloan protection benefit may cause your policy to become a modified endowment contract as defined by Section 7702 of the Internal Revenue Code.¹

Standard policy loans	
Availability	Time: Starting in policy year one Amount: Net Cash Surrender Value less estimated monthly deductions and loan interest for 3 months
Current annual interest rate (as of 8/12/2024) (Policy years 1-5)	Charged rate2.75% Credited rate.....1.50% Net charged rate 1.25%
Maximum annual interest rate charged (Policy years 1-5)	6.0%
Net zero cost loans (Policy years 6+)	Charged rate1.50% Credited rate.....1.50% Net charged rate0%

Fixed interest participating policy loans (Strategic Accumulator® IUL 3 Only)

Availability	Time: Starting in policy year three Amount: Net cash surrender value less estimated monthly deductions and loan interest for 3 months
Current annual interest rate charged (as of 8/12/2024)	5.7%
Interest Bonus credited (as of 8/12/2024)	Current rate: 2.0% Minimum rate: 0.50%
When we determine the rate to charge	Quarterly
Changes to the fixed loan interest rate	Any changes to the loan interest rate on existing policy debt will take place on the policy anniversary and will apply for the entire policy year.
Interest rate increases	If the interest rate increases while any policy debt exists, a notice will be sent to you at least 30 days prior to the effective date of the increase.
Maximum annual interest rate charged	8.0%

Variable interest participating policy loans (a.k.a. variable interest rate policy loans)

Availability	Time: Starting in policy year one for Strategic Protector IUL Starting in policy year three for Strategic Accelerator IUL 3 and Strategic Accumulator IUL 3 Amount: Net cash surrender value less estimated monthly deductions and loan interest for 3 months
Current annual interest rate (as of 8/12/2024)	5.5%
When we determine the rate to charge	Quarterly
Changes to the variable loan interest rate	Any changes to the loan interest rate on existing policy debt will take place on the policy anniversary and will apply for the entire policy year.
Interest rate increases	If the interest rate increases while any policy debt exists, a notice will be sent to you at least 30 days prior to the effective date of the increase.
Maximum annual interest rate charged	6.0%

NOT FOR USE IN OREGON.

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-day premiums).

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.

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.

The net cost of a variable interest and fixed interest participating policy loan could be negative if the credits earned are less than the interest charged. The net cost of the loan could also be larger than under standard policy loans if the amount credited is less than the interest charged. In the extreme example, the amount credited could be zero and the net cost of the loan would equal the maximum interest rate charged on variable interest participating policy loans. In brief, Variable Interest and Fixed Interest Participating Policy Loans have more uncertainty than Standard Policy Loans in both the interest rate charged and the interest rate credited.

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.

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.

Strategic Protector IUL® is issued on policy form series L148/ICC18L148, E109/ICC22E109, E110/ICC22E110/TR20904, E111/ICC22E111/TR20804, TR209, ICC4TR194/TR19404, ICC19TR151/TR151A, WPT-24/WPT-24A2, ICC20TR221/TR221, ICC4TR196/TR196, ICC18TR211/TR211, TR195, ICC18TR203/TR203, WP104/WP10404, ICC23E112, or state variations, are issued by North American Company for Life and Health Insurance®, West Des Moines, IA. Products, features, riders, endorsement or issue ages may not be available in all jurisdictions. Restrictions or limitations may apply.

Strategic Accumulator® IUL 3 is issued on form P100/ICC22P100/P100CA (policy), E100/ICC22E100, E101/ICC22E101, E103/ICC22E103, E104/ICC22E104, E105/ICC22E105, E109/ICC22E109/TR197, E110/ICC22E110/TR20904, E111/ICC22E111/TR20804, E113/ICC24E113, E114/ICC24E114, R100/ICC23R100, R101/ICC23R101, R102/ICC23R102, R103/ICC22R103 and R106/ICC23R106 (riders/endorsements) or appropriate state variation by Midland National® Life Insurance Company, West Des Moines, IA. Products, features, endorsements, riders or issue ages may not be available in all states. Limitations or restrictions may apply.

Strategic Accelerator® IUL 3 is issued on form P100/ICC22P100/P100CA (policy), E101/ICC22E101, E103/ICC22E103, E104/ICC22E104, E105/ICC22E105, R106/ICC23R106, R107/ICC22R107, E109/ICC22E109, TR197, E110/ICC22E110/TR20904, E111/ICC22E111/TR20804, R100/ICC23R100, R101/ICC23R101, R102/ICC23R102, R103/ICC22R103 (riders/endorsements) or appropriate state variation by Midland National® Life Insurance Company, West Des Moines, IA. Products, features, endorsements, riders or issue ages may not be available in all states. Limitations or restrictions may apply.

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