

Executive AdvantageSM

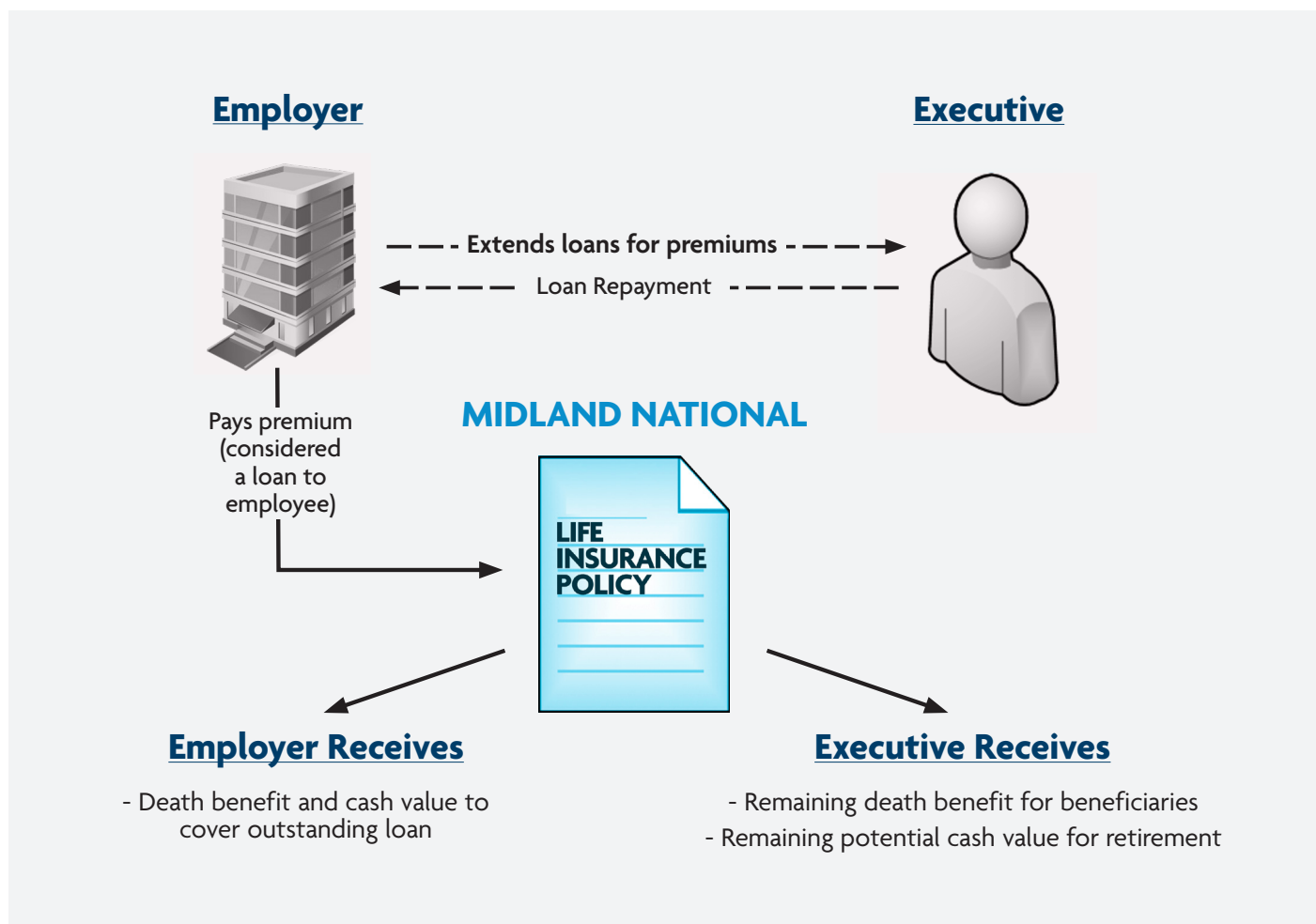
Loan Regime Split Dollar

Using Life Insurance

Sales Starter – Quick View

Executive Advantage is a loan regime split dollar arrangement through Midland National in which life insurance premiums, the death benefit, and cash values are split between two parties — the policyowner (usually an employee) and non-owner (usually an employer). This agreement can be useful for employers who want to recruit, retain, and reward select employees by providing death benefit protection and cash value accumulation. See the example below to get an idea of how an indexed universal life (IUL) illustration might look, and read through the key takeaways.

How does it work?



How does it look?

SAMPLE CASE – STRATEGIC ACCUMULATOR® IUL 3

45-year-old male, \$200,000/year premium, retires in year 21 – cash value from the life insurance policy is borrowed as a loan to repay the employer for loaned premium while a retirement income stream is secured.

		Employer's Tax Bracket 21.00%	Executive's Tax Bracket 37.00%	Strat. Accumulator ³ Interest Rate 6.58%	Initial Policy Death Benefit 2,929,667	Assumed Long-Term AFR for All Years Illustrated 4.70%	Promissory Note Interest Rate 4.70%				
		Employer				Executive					
Year	Age	(1) Net Payment*	(2) Cumulative Net Payments	(3) Portion of Col. (2) Due as a Loan Receivable	Cumulative Charge to Earnings (2) - (3)	Net Payment*	Loan Proceeds Available for Retirement Income	Year End Policy Accum Value**	(8) Year End Policy Surrender Value**	(9) Year End Policy Surrender Value** Net of Loan Due Employer	(10) Year End Policy Death Benefit Net of Loan Due Employer
1	45	200,000	200,000	0	0	3,478	0	186,449	94,164	-105,836	2,929,667
2	46	200,000	400,000	0	0	6,956	0	383,470	295,800	-104,200	2,929,667
3	47	200,000	600,000	0	0	10,434	0	592,446	509,390	-90,610	2,929,667
4	48	200,000	800,000	0	0	13,912	0	813,789	739,961	-60,039	2,929,667
5	49	200,000	1,000,000	0	0	17,390	0	1,048,300	983,701	-16,299	2,929,667
6	50	200,000	1,200,000	0	0	20,868	0	1,296,843	1,241,472	41,472	2,929,667
7	51	200,000	1,400,000	0	0	24,346	0	1,560,346	1,514,204	114,204	2,929,667
8	52	200,000	1,600,000	1,600,000	0	27,824	0	1,840,144	1,803,237	203,231	2,929,667
9	53	200,000	1,800,000	1,800,000	0	31,302	0	2,136,641	2,100,956	309,956	2,929,667
10	54	200,000	2,000,000	2,000,000	0	34,780	0	2,451,641	2,415,219	435,219	2,929,667
11	55	200,000	2,200,000	2,200,000	0	38,258	0	2,786,141	2,749,716	602,993	2,929,667
12	56	200,000	2,400,000	2,400,000	0	41,736	0	3,140,141	3,093,916	776,019	2,929,667
13	57	200,000	2,600,000	2,600,000	0	45,214	0	3,513,641	3,456,528	974,724	2,929,667
14	58	200,000	2,800,000	2,800,000	0	48,692	0	3,906,641	3,822,753	1,200,916	2,929,667
15	59	200,000	3,000,000	3,000,000	0	52,170	0	4,319,141	4,202,528	1,456,528	2,971,749
16	60	200,000	3,200,000	3,200,000	0	55,648	0	4,751,141	4,592,753	1,752,753	3,238,580
17	61	200,000	3,400,000	3,400,000	0	59,126	0	5,202,641	4,952,753	2,081,475	3,616,289
18	62	200,000	3,600,000	3,600,000	0	62,604	0	5,673,141	5,481,475	2,444,508	4,016,081
19	63	200,000	3,800,000	3,800,000	0	66,082	0	6,163,641	6,044,508	2,843,830	4,438,350
20	64	200,000	4,000,000	4,000,000	0	69,560	0	6,674,141	6,643,830	3,281,411	4,883,323
21	65	-4,000,000	0	0	0	0	475,000	7,828,819	3,098,747	3,098,747	4,664,510
22	66	0	0	0	0	0	475,000	8,422,764	2,921,006	2,921,006	4,521,331
23	67	0	0	0	0	0	475,000	9,066,455	2,749,025	2,749,025	4,380,987
24	68	0	0	0	0	0	475,000	9,763,887	2,584,292	2,584,292	4,244,152
25	69	0	0	0	0	0	475,000	10,519,016	2,428,113	2,428,113	4,111,156
26	70	0	0	0	0	0	475,000	11,336,126	2,281,972	2,281,972	3,982,390
27	71	0	0	0	0	0	475,000	12,221,713	2,149,403	2,149,403	3,738,225
28	72	0	0	0	0	0	475,000	13,182,403	2,031,061	2,031,061	3,484,143
29	73	0	0	0	0	0	475,000	14,225,803	1,927,483	1,927,483	3,218,932
30	74	0	0	0	0	0	475,000	15,359,603	1,838,211	1,838,211	2,942,766
		0				730,380	4,750,000				

Executive's 30 Year Summary

The information presented is hypothetical and not intended to project or predict investment results. Illustrations are not complete unless all pages are included. This illustration is not valid unless accompanied by a proposal from Midland National. InsMark Illustration February 4, 2026.

*See appropriate Net Payment Analysis for details.

	Living Values †	Death Benefit
Strategic Accumulator IUL3:	1,867,830	2,942,766
Less Loan Repayment Due Employer:	0	0
Equals Executive's Net Value:	1,867,830	2,942,766
Plus Cumulative After Tax Cash Flow:	4,750,000	4,750,000
Equals Executive's Total Net Value:	6,617,830	7,692,766

The parties to the loan regime split dollar arrangement should seek their own independent legal and tax advice as to whether and how to enter into an economic split dollar arrangement based on the employer's and employee's unique circumstances. Under a split dollar agreement classified as a welfare benefit plan, the employee must belong to a select group of management, which includes quantitative and qualitative elements. To meet the quantitative standard, plans should be limited to the top 15% of the workforce. To meet the qualitative test, a significant disparity should exist between the average compensation of the top-hat group and the average compensation of all other employees.

To ensure the death benefit proceeds of any employer-owned policy retains its tax-favored treatment, it is essential to comply with the notice and consent requirements of IRC Section 101(j). Under a loan split dollar agreement, the employee enters into an agreement with the employer. Midland National® Life Insurance Company is not a party to this agreement and Midland National's only obligation is to administer the policy it issues consistent with the policy's terms and conditions.

In some situations loans and withdrawals may be subject to federal taxes. Midland National does not give tax or legal advice. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation.

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 Accumulator® IUL 3 is issued on the state version of policy form P100/ICC2P100 including all applicable endorsements and riders, by Midland National® Life Insurance Company, West Des Moines, IA. Products, features, riders, endorsements, or issues ages may not be available in all jurisdictions. Limitations or restrictions may apply.

While the primary use of life insurance is death benefit protection, your clients may also have other needs that can be met through life insurance. The sales concepts and accompanying marketing materials below may help you broaden your sales potential. As independent contractors, it is up to you to choose which of these concepts may work for your particular sales strategy and clients, and which do not. Please note that Midland National does not require you to use any of these sales concepts; they are resources that can be used at your discretion for your own individualized sales presentations.

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