

College funding

Sales idea

Midland National® Life Insurance Company

College funding with indexed universal life (IUL) insurance

Is there a way to help your clients financially protect their family while helping to fund college for their children when the time comes? While the primary purpose of life insurance is to provide a death benefit to beneficiaries, it can also be designed to create a self-completing plan to help fund a college education.

The concept

1. Life insurance death benefit protection provides goal completion in case the unthinkable happens.
2. Potentially tax-free income through loans to help supplement your client's personal savings for college, either through paying tuition bills or paying down student loan debt.
3. After paying for college, the client can repurpose the policy to help supplement retirement income while continuing to help financially protect the family with the death benefit.

College funding clients

- A need for death benefit protection
- Concerned about the family's financial needs if death occurs during the working years
- Families with young children
- Concerned about the cost of college

Benefits of Midland National's IUL products



Immediate financial protection

Death benefit protection for their loved ones.



No maximum contribution limit

Life insurance is not a qualified plan¹ contribution limits. However, there are limits on the amount of premium that may be paid into a policy to qualify as life insurance.



Accelerated death benefit endorsement

Can offer financial assistance in the event of a qualifying illness at a time when clients may be left wondering how they'll pay the bills.²



Downside protection, upside potential

Interest credited is never less than zero percent and can reach as high as the interest rate cap, and participation rate (portion of the index change used in the calculation of the index credit), if the selected index has a cap in place. The index account can't lose money due to poor index performance.



Generally tax-free distributions

Cash value within the policy can be taken as generally income tax-free loans and withdrawals, as long as the policy is not a Modified Endowment Contract (MEC).^{3,4,5}

Case design tips

- The coverage should be on the primary breadwinner. Aim for the lowest death benefit possible that still provides ample funding for college should death occur before the first child enters college. A minimum non-MEC face amount usually works.
- The Premium Deposit Agreement (Agreement) can provide a simple solution to fund a life insurance policy with a lump sum and not create a Modified Endowment Contract (MEC)³. With one lump sum payment, it establishes an account called a Premium Deposit Account (PDA) that automatically pays the first and future annual premiums.
- Illustrate variable interest participating policy loans, zero-cost loans, and fixed interest participating policy loans. We can't forecast what the interest rate environment will be in the future. Planning for each scenario can help increase your credibility during a client presentation while also setting reasonable expectations.^{6,7,8}
- Determine whether to pay for annual college bills or to repay student loans. The older the child, the more beneficial it can be to repay student loans as this provides more time for the cash value to grow. Be mindful of the timing at which each child will enter/exit college.
- Determine whether to continue funding the policy after the college period is over. This decision depends upon the client's retirement goals.

Hypothetical case study

The clients, a husband and wife, realize that should something happen to the primary breadwinner, it will be especially tough for the other to keep up with expenses and help pay for college for their daughter. With the help of their agent, they plan to pay \$300 per month in premiums for a Strategic Accumulator® IUL 3 policy with a minimum non-MEC death benefit of \$243,064*. This benefit amount is to fulfill the college funding goal and to help ensure the family can stay in their current home.

The couple likes the idea of continuing to fund the policy after helping their daughter pay for college. They'll continue to fund the policy at \$300 per month to continue to grow the cash value to help supplement retirement income. The illustration on the next page shows how a Strategic Accumulator IUL 3 policy could fit this hypothetical scenario.



* While we are featuring this indexed universal life product, keep in mind that Midland National offers other life insurance products that may fit your client's needs

Projected Policy Values

Non-guaranteed benefits and values are not guaranteed and are subject to change and may be more or less favorable than shown. This illustration assumes premiums are paid on the Monthly EFT Index Sweep Date. Values and benefits are as of the end of the policy year and will vary depending upon the amount and timing of the premium payments. The assumed payments on which the illustrated benefits and values are based shall be identified as Premium Outlay.

This illustration is based on the following Initial Premium Allocations: S&P 500® Annual Pt-to-Pt 50%; High Par Fidelity Multifactor Yield Index™ 5% ER Annual Pt-to-Pt 50%;

				INTEREST AND COST SCENARIOS								
				Guaranteed Maximum Charges Minimum Account Value: 2.0%			Non-Guaranteed Alternate Current Charges Index Credits: 4.50%			Non-Guaranteed Assumed Current Charges Index Credits: 6.58%**		
End of Year	Beg/End of Yr Age	Annualized Modal Premium	Dist. Amount Type	Account Value	Net Cash Surrender Value	Death Benefit	Account Value	Net Cash Surrender Value	Death Benefit	Account Value	Net Cash Surrender Value	Death Benefit
1*	28/29	3,600.00	0 P	2,428	0	243,064	2,602	0	243,064	2,602	0	243,064
2	29/30	3,600.00	0 P	4,900	0	243,064	5,317	353	243,064	5,399	434	243,064
3	30/31	3,600.00	0 P	7,415	2,712	243,064	8,164	3,461	243,064	8,382	3,679	243,064
4	31/32	3,600.00	0 P	9,946	5,766	243,064	11,131	6,950	243,064	11,554	7,374	243,064
5	32/33	3,600.00	0 P	12,523	8,864	243,064	14,224	10,566	243,064	14,927	11,269	243,064
				108,000.00 80,000								
21	48/49	3,600.00	0 P	56,888	56,888	243,064	88,681	88,681	243,064	113,223	113,223	243,064
22	49/50	3,600.00	0 P	59,962	59,962	243,064	95,848	95,848	243,064	123,954	123,954	243,064
23	50/51	3,600.00	0 P	63,073	63,073	243,064	103,329	103,329	243,064	135,401	135,401	250,493
24	51/52	3,600.00	0 P	80,000 PFL	0	0	112,622	28,062	158,504	148,771	64,211	180,253
25	52/53	3,600.00	0 P	0	0	0	122,423	33,044	153,684	163,080	73,700	189,488
26	53/54	3,600.00	0 P	0	0	0	132,753	38,278	148,589	178,390	83,916	198,086
27	54/55	3,600.00	0 P	0	0	0	143,637	43,778	143,204	194,769	94,909	205,928
28	55/56	3,600.00	0 P	0	0	0	155,132	49,581	137,512	212,312	106,761	212,917
29	56/57	3,600.00	0 P	0	0	0	167,270	55,702	132,646	231,076	119,508	225,804
30	57/58	3,600.00	0 P	0	0	0	180,074	62,147	137,778	251,140	133,213	238,693
				144,000.00 80,000								
31	58/59	3,600.00	0 P	0	0	0	193,590	68,941	142,506	272,640	147,992	251,595
32	59/60	3,600.00	0 P	0	0	0	207,842	76,088	146,755	295,659	163,906	264,430
33	60/61	3,600.00	0 P	0	0	0	222,857	83,593	150,450	320,283	181,020	277,105
34	61/62	3,600.00	0 P	0	0	0	238,659	91,457	158,282	346,600	199,399	296,447
35	62/63	3,600.00	0 P	0	0	0	255,297	99,705	166,083	374,734	219,142	316,574
36	63/64	3,600.00	0 P	0	0	0	272,824	108,363	173,841	404,820	240,360	337,516
37	64/65	3,600.00	0 P	0	0	0	291,272	117,437	181,517	436,970	263,135	359,269
38	65/66	3,600.00	0 P	0	0	0	310,718	126,975	189,118	471,365	287,622	381,895
39	66/67	3,600.00	0 P	0	0	0	331,183	136,967	199,891	508,109	313,893	410,433
67	67/68	3,600.00	0 P	0	0	0	352,728	147,441	210,932	547,370	342,084	440,611
				144,000.00 1,440,140								
61	88/89	0.00	45,338 FL	0	0	0	0	0	0	2,594,848	85,045	214,787
62	89/90	0.00	45,338 FL	0	0	0	0	0	0	2,791,507	90,724	230,299
63	90/91	0.00	45,338 FL	0	0	0	0	0	0	3,001,409	98,761	248,831
64	91/92	0.00	45,338 FL	0	0	0	0	0	0	3,229,224	113,204	242,374
65	92/93	0.00	45,338 FL	0	0	0	0	0	0	3,477,075	135,521	239,834
66	93/94	0.00	45,338 FL	0	0	0	0	0	0	3,747,915	167,973	242,931
67	94/95	0.00	45,338 FL	0	0	0	0	0	0	4,045,509	213,590	254,044
68	95/96	0.00	45,338 FL	0	0	0	0	0	0	4,374,723	276,464	276,464
69	96/97	0.00	45,338 FL	0	0	0	0	0	0	4,729,368	349,589	349,588
70	97/98	0.00	45,338 FL	0	0	0	0	0	0	5,112,000	434,654	434,654
71	98/99	0.00	45,338 FL	0	0	0	0	0	0	5,524,744	532,869	532,869
72	99/100	0.00	45,338 FL	0	0	0	0	0	0	5,969,877	645,546	645,546
73	100/101	0.00	45,338 FL	0	0	0	0	0	0	6,449,844	774,107	774,106
74	101/102	0.00	0	0	0	0	0	0	0	6,966,619	967,368	967,368
75	102/103	0.00	0	0	0	0	0	0	0	7,522,951	1,181,747	1,181,747
76	103/104	0.00	0	0	0	0	0	0	0	8,121,781	1,419,131	1,419,131

The client makes monthly payments of \$300.

\$80,000 lump-sum loan to help pay student loans.

Payments to age 68, followed by income through age 100

Hypothetical examples and illustrations are not intended to predict future performance. The use of alternate assumptions could produce significantly different results. Illustrations are not completed unless all pages are included.

Exact Illustrations Software, December 2, 2025.

**Non-Guaranteed weighted average interest rates for Index Selections: 6.55% all years.

* Non-Guaranteed Alternate values shown for this year are based on the Minimum Account Value.

+ Non-Guaranteed Assumed values shown for this year are based on the Minimum Account Value.

1. The tax-deferred feature of the indexed universal life (IUL) policy is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your client's needs. Before purchasing a policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.
2. The Accelerated Death Benefit is subject to eligibility requirements. There is no additional monthly deduction or premium charge for the Accelerated Death Benefit Endorsement. However, the actual payment received in connection with any acceleration will be discounted and is lower than the death benefit amount accelerated. In addition, there is an administrative fee required each time an election is made. Amount can vary by state.
3. 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-pay premiums).
4. 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. 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 withdrawal charges, processing fees, or 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.
5. Neither Midland National nor its agents give tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.
6. The net cost of a variable 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 Participating Policy Loans have more uncertainty than Standard Policy Loans in both the interest rate charged and the interest rate credited.
7. 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. Please refer to the specific product marketing guide for details.
8. The net cost of a 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 less any guaranteed bonus. In brief, variable interest rate loans have more uncertainty than standard policy loans in the interest rate credited.

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 encourage your clients to make personal savings the cornerstone of your clients' college funding program. However, even a well-conceived savings plan can be vulnerable. Should your clients die prematurely, their 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 clients' 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.

THE PREMIUM DEPOSIT AGREEMENT IS NOT TO BE USED FOR INVESTMENT PURPOSES.

Indexed Universal Life products are not investments in the "market" or in the applicable index. They are subject to all policy fees and charges normally associated with most universal life insurance.

Agents offering, marketing, or selling accelerated death benefits for chronic illness in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California that includes this comparison. Comparison is for solicitation purpose only, not for conversions.

Strategic Accumulator® IUL 3 is issued on the state version of policy form P100/ICC22P100 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.

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