

Oak ADVantage[®] and Oak ADVantage[®] Care

multi-year guarantee annuities

Issued by Midland National[®] Life Insurance Company

Midland
Advisory

Understanding the market value adjustment

This piece is designed to provide an important explanation of how the market value adjustment (MVA) affects your Oak ADVantage multi-year guarantee annuity contract. *Please read carefully.*

How does the MVA work?

The MVA affects the surrender value of your annuity contract. The surrender value is defined in your annuity contract and is also explained in the Oak ADVantage product brochure.

During the MVA period, the MVA formula will be applied at the time your annuity is fully surrendered or if more than your penalty-free partial surrender amount is withdrawn. During the 30 day period following the expiration of the current guarantee period, no MVA will apply. Upon re-entry into a new guarantee period, a new MVA period will begin and the MVA external index will be reset.

The MVA may decrease or increase your surrender value depending on the change in the MVA external index since the beginning of each guarantee period. Due to the mechanics of an MVA, surrender values decrease as the MVA external index rises. When the MVA external index decreases, the surrender value increases.

The amount of MVA is restricted by limits that vary by state. These limits may include interest credited to your accumulation value, surrender charges, or a percent of your accumulation value. Please see your contract and/or the product disclosure to understand the limits used in your state.

The surrender value after surrender charges and MVA is guaranteed to not be less than the minimum required by the laws

of the state in which the contract was delivered.

When is the MVA applied?

The MVA applies under the following conditions:

- Contract is within guarantee period (initial and re-entry guarantee period).
- Withdrawal exceeds penalty-free withdrawal amount. This includes full surrender of your contract.

See your Oak ADVantage annuity Contract for details. Please understand annuity contracts have limited liquidity during the surrender charge period, so make sure Oak ADVantage meets your liquidity needs. The MVA is not applied to the death benefit and may not apply upon annuitization. The MVA will apply in the initial and all re-entry guarantee periods.



Ask your financial advisor how an insurance product could fit within your overall portfolio.

MVA formula

The MVA will be calculated by multiplying the portion of any full or partial surrender that exceeds any available penalty-free withdrawal amount, before the reduction for any surrender charge, by the formula described below.

How it works

$$(i_0 - i_t) \times (T)$$

MVA external index rates:

i_0 = The index value of the market value adjustment external index at the beginning of each guarantee period (the MVA external index will be reset upon re-entry into a new guarantee period.).

i_t = The index value of the market value adjustment external index at the time of partial or full surrender.

T = Time in years as follows: number of days from the date of the partial surrender or full surrender to the end of the current contract year divided by 365; plus whole number of years remaining in the current guarantee period.

Market Value Adjustment External Index = Barclay's US Credit Index.

Effect of future changes in the credit index value of the MVA external index on annuity surrender values

The following hypothetical examples assume \$100,000 Oak ADVantage annuity with a 5-year guarantee period and MVA period allocated to a fixed account with 2% interest credited in all years, no withdrawals, no ADL Benefit Rider charges, an available penalty-free partial withdrawal allowance of prior year's interest credited, and the surrender charge percentages as shown in the table.

The tables below demonstrate the effect of a MVA on an annuity, assuming the value of the MVA external index increases or decreases by each amount shown. The table demonstrates the MVA at the beginning of the contract year for the initial guarantee period during the initial surrender charge period.

MVA formula: $(i_0 - i) \times (T)$; MVA limited to surrender charge and interest credited to the accumulation value:

Contract year	Surrender charge percentage	1% decrease	0.50% decrease	.50% increase	1% increase
1	3.00%	\$0	\$0	\$0	\$0
2	3.00%	\$2,000	\$2,000	(\$2,000)	(\$2,000)
3	3.00%	\$3,060	\$1,530	(\$1,530)	(\$3,060)
4	3.00%	\$2,081	\$1,040	(\$1,040)	(\$2,081)
5	3.00%	\$1,061	\$531	(\$531)	(\$1,061)

Sample calculation for contract year 4

Using the example above, \$100,000 Oak ADVantage annuity in the hypothetical contract grows to an accumulation value of \$106,121 after three years. Upon full surrender at the beginning of the fourth contract year, an MVA would be applied. This hypothetical example assumes that the MVA external index at the beginning of the initial guarantee period was 3%, a penalty-free partial surrender of \$2,081 is available, no withdrawals have been taken since the contract was issued, and a 3% surrender charge would apply.

If the MVA external index changes from 3.00% to:

MVA external index on the date of full or partial surrender	2.50%	3.50%
Market value adjustment formula	$(3.00\% - 2.50\%) \times 2 = 1.00\%$	$(3.00\% - 3.50\%) \times 2 = -1.00\%$
Accumulation value	\$106,121	\$106,121
Penalty-free withdrawal amount	\$2,081	\$2,081
Surrender charge	\$3,121	\$3,121
Market value adjustment	$(\$106,121 - \$2,081) \times 1.00\% = \$1,040$ MVA = \$1,040	$(\$106,121 - \$2,081) \times -1.00\% = \text{\$-1,040}$ MVA = -\\$1,040
Surrender value*	\$104,040	\$101,959

* Surrender value after surrender charge and market value adjustment is guaranteed to not be less than the minimum required by the laws of the state in which the contract is delivered. The amount of the market value adjustment will not exceed the limit as defined in your annuity contract, limits vary by state see your contract and product disclosure for details; your market value adjustment may differ from the values reflected in this hypothetical example. A surrender during the surrender charge period could result in a loss of premium. Surrender charge structure may vary by state. Withdrawals taken prior to age 59 1/2 may be subject to IRS penalties.



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