

How an Index Account Works



MIDLAND NATIONAL®
Life Insurance Company

Indexed Universal Life Insurance provides two main advantages: death benefit protection and an Index Account that shields you from negative returns through a zero percent floor. Here's an example of how the Index Account works in simple terms.

Rules of the Game

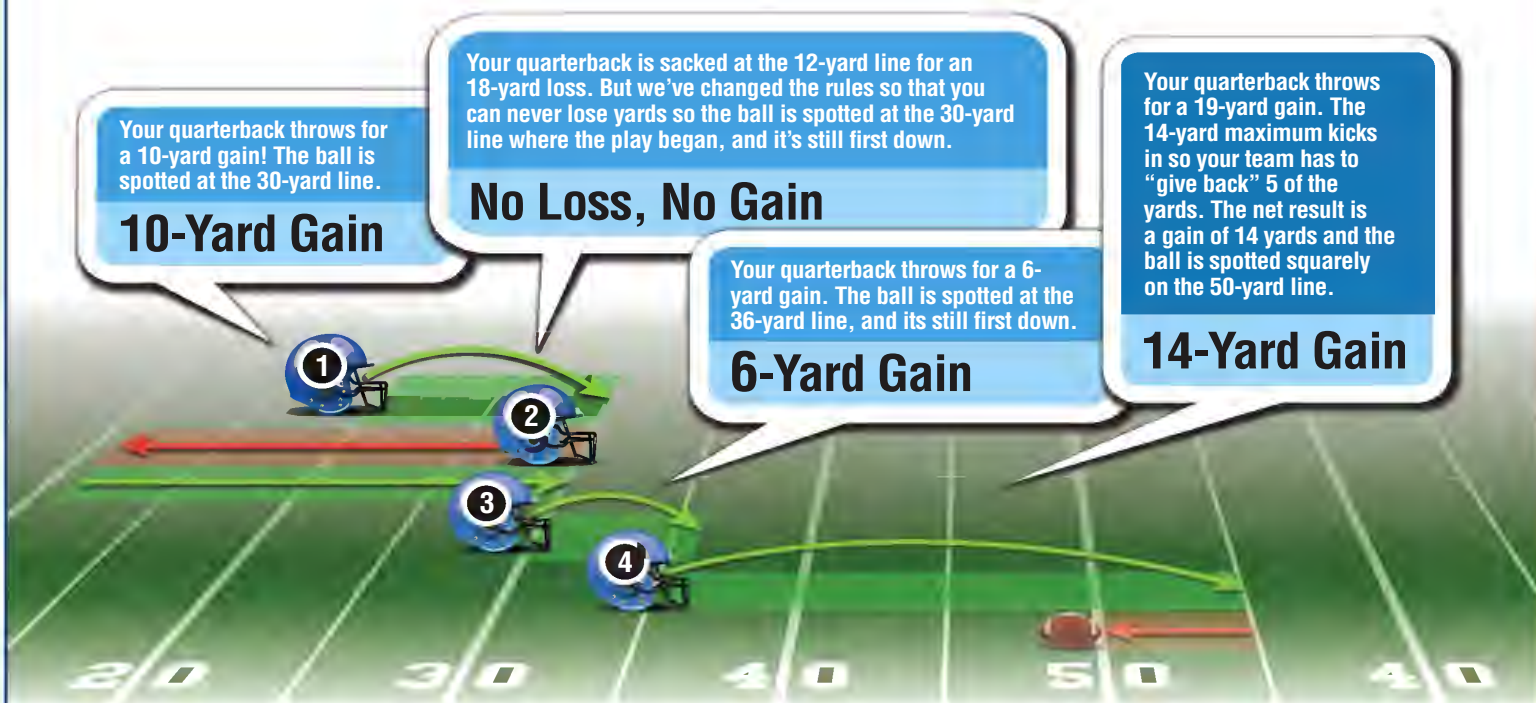
If the Index Account were a game of football, here's how the rules would change:

- **It's always first down.**
- **You can never lose yards.**
- **You can gain a maximum of 14 yards per play.**

Take a look at what happens with these "new rules" in the illustration below!

The Play-by-Play

Pick your favorite quarterback. His team has the ball and is starting out on the 20-yard line.



Game Summary:

Under normal rules, the team would have gained a total of 17 yards (gains of 10, 6, and 19 with a loss of 18 yards) and the ball would have been spotted at the 37-yard line. However, with the new rules, the team gained 30 yards and the ball is at the 50, which is an extra 13 yards downfield!

What does this mean for you?

Imagine if the football team was an Index Selection such as the S&P 500® Annual Point-to-Point. Each play is a year and the yardage gains are locked in interest returns! Talk to your agent for details on how you can put an Indexed Universal Life insurance policy to work for you.

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Failure to meet premium requirements may result in a lapse in the policy and participation in the Index Accounts. The Index Accounts are subject to caps and participation rates. The surrender charge varies by product, gender, issue age, underwriting class and duration. 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.

Index selections

Indexed universal life insurance products

Issued by Midland National® Life Insurance Company

In addition to death benefit protection, indexed universal life products provide the opportunity for cash value growth through a Fixed Account and an Index Account. The Index Account credits interest based on the upward movement of one or more stock market indexes. Midland National offers six indexes and four crediting methods combined for a total of 11 index selections.* Depending on the index selection, the amount of interest credited may be adjusted compared to the actual index growth by the floor, cap, participation, or spread rate. For more information about our caps and participation rates, please ask your agent for a copy of the Index Caps & Participation Rates brochure.

Six Indexes

Fidelity Multifactor Yield IndexSM 5% ER

A rules-based index that blends six equity factor indices with U.S. Treasuries, and uses a dynamic allocation approach that seeks to reduce volatility to deliver more consistent returns over time.

Standard & Poor's 500 Composite Stock Price Index (S&P 500®)

Measures the 500 most widely held companies across a number of industries.

Standard & Poor's 400 Index (S&P MidCap 400®)

Measures 400 medium-sized U.S. firms based on their market capitalization, liquidity and industry representation.

NASDAQ-100®

The NASDAQ-100 is a stock market index made up of 104 equity securities issued by 100 of the largest non-financial companies listed on the NASDAQ.

Russell 2000®

Measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in market capitalization.

EURO STOXX 50®

Measures the top 50 blue-chip stocks from the countries participating in the European Monetary Union.

<- limited availability

Four Crediting Methods

1) Annual Point-to-Point

The Annual Point-to-Point crediting method measures the movement of the index from the beginning to the end of a 12-month index period. This value is then multiplied by the participation rate. The resulting interest crediting rate can never be less than zero and can never be more than the annual cap rate. Annual Point-to-Point is available on all indexes. The S&P 500® also includes an uncapped index selection which has a lower participation rate.

1b) High Par Annual Point-to-Point

2) Annual Point-to-Point with Spread

The Annual Point-to-Point with Spread crediting method first measures the movement of the index from the beginning to the end of a 12-month index period. This value is then multiplied by the participation rate. The spread rate is then subtracted. The resulting interest crediting rate can never be less than zero. Annual Point-to-Point with spread is available on the S&P 500® only.

Hypothetical Example	Capped	Uncapped
Beginning Index Value	1,000.00	1,000.00
Ending Index Value	1,200.00	1,200.00
Index Growth	20.00%	20.00%
Cap Rate	10.00%	N/A
Participation Rate	100.00%	50.00%
Interest Crediting Rate	10.00%	10.00%

Hypothetical Example	Capped
Beginning Index Value	1,000.00
Ending Index Value	1,200.00
Index Growth	20.00%
Cap Rate	8.00%
Participation Rate	140.00%
Interest Crediting Rate	8.00%

Hypothetical Example	
Beginning Index Value	1,000.00
Ending Index Value	1,200.00
Index Growth	20.00%
Spread Rate	4.00%
Cap Rate	NA
Participation Rate	100.00%
Interest Crediting Rate	16.00%

*Strategic Accumulator IUL 2 offers a total of eight index selections.

3) Monthly Point-to-Point

With the Monthly Point-to-Point strategy, we measure the change in the index each month over the 12-month index period. This percentage change can be positive or negative and is subject to a monthly cap rate. At the end of the index period, those values are added together to find the interest crediting rate. The interest crediting rate can never be less than zero. Monthly Point-to-Point is available with the S&P 500[®] only.

Hypothetical Example

Monthly Cap Rate	4.00%
Participation Rate	100.00%
Interest Crediting Rate	10.00%

Monthly Date	Index Value	Index Growth	Growth Used in Crediting Rate
January 1	100.00		
February 1	102.00	2.00%	2.00%
March 1	103.00	0.98%	0.98%
April 1	104.29	1.25%	1.25%
May 1	110.00	5.48%	4.00%
June 1	115.00	4.55%	4.00%
July 1	108.57	-5.59%	-5.59%
August 1	115.00	5.92%	4.00%
September 1	105.00	-8.70%	-8.70%
October 1	106.00	0.95%	0.95%
November 1	112.00	5.66%	4.00%
December 1	111.00	-0.89%	-0.89%
January 1	116.00	4.50%	4.00%
Interest Crediting Rate (Sum of Monthly Rates)			10.00%

For actual historical Index performance, please visit MidlandNational.com.

This information presented is hypothetical and not intended to project or predict investment results. Historical performance of the indices is not intended to predict or project performance.

11 Index Selections

The six indexes and four crediting methods combine for a total of 11 possible index selections.

	Index	Crediting Method
1	Fidelity Index	Annual Point-to-Point
2	S&P 500 [®]	Annual Point-to-Point
3	S&P 500 [®]	Monthly Point-to-Point
4	S&P 500 [®]	Annual Point-to-Point with Spread
5	High Participation S&P 500 [®]	Annual Point-to-Point
6	NASDAQ-100 [®]	Annual Point-to-Point
7	S&P Mid-cap 400 [®]	Annual Point-to-Point
8	Russell 2000 [®]	Annual Point-to-Point
9	EURO STOXX 50 [®]	Annual Point-to-Point
10	Optimal Strategy [*] (Multi-Index)	Optimal (Multi-Index) Annual Point-to-Point
11	Uncapped S&P 500 [®]	Annual Point-to-Point

**This index selection is not available with Strategic Accumulator IUL 2.*

4) Optimal (Multi-Index) Annual Point-to-Point

With the Optimal (Multi-Index) Annual Point-to-Point strategy, we measure the movement of three different indexes from the beginning to the end of the 12-month index period. The three indexes are S&P 500[®], Russell 2000[®] and the EURO STOXX 50[®]. We take 50% of the best performing index, plus 30% of the second best performing index, plus 20% of the third best performing index. This value is then multiplied by the participation rate. The resulting interest crediting rate can never be less than zero and can never be more than the annual cap rate. This strategy is only available with the three indexes noted above. This strategy is not available with Strategic Accumulator IUL 2.

Hypothetical Example:

S&P 500 [®] Start Value	1000
S&P 500 [®] End Value	925
Index Growth	-7.50%
Russell 2000 [®] Start Value	1000
Russell 2000 [®] End Value	1200
Index Growth	20.00%
EURO STOXX 50 [®] Start Value	2000
EURO STOXX 50 [®] End Value	2100
Index Growth	5.00%
Best performing index	50% of 20.00%
2nd best performing index	30% of 5.00%
3rd best performing index	20% of -7.50%
Index Growth for Optimal	10.00%
Cap Rate	11.00%
Participation Rate	100.00%
Interest Crediting Rate	10.00%

Which Index Selection may be right for you?

You can allocate premium into a single index selection or any combination of the available selections based on your personal preferences. You may change your premium allocations at any time, and you can transfer money between the different index selections at the end of the index period.

The Periodic Table of Indexes (shown on the next page) shows that, historically, different indexes have performed better in different years. Therefore, there is not one index that always produces the highest return. If you allocate your premium to more than one index selection, you may benefit if one index performs well while others perform poorly.

Hypothetical Example using Multiple Index Selections

	Index A	Index B	Index C	Index D
Index Growth Rate	10%	6%	2%	6%
Index Credit*	+ 10%	+ 6%	0%	0%
Average Index Credit = 4% (Assuming 25% is allocated to each index.)				

*Index credit assumes a 100% participation rate and that the cap is greater than the index growth.

Periodic Table of Indexes

A Yearly Ranking of Index Performance

The chart below displays a 15-year performance history of the six indexes, ranking them in order from highest to lowest return. The ranking of each index has varied greatly from year to year, proving that no particular index consistently provides the highest or lowest return. Selecting multiple index selections may allow you to take advantage of some indexes performing better in different years.



S&P 500® Index
 S&P Midcap 400® Index
 NASDAQ-100® Index
 Russell 2000® Index
 EURO STOXX 50® Index
 Fidelity Index

Information compiled by Midland National, May 2021. Chart is based on historical performance of the indexes listed and is not intended to predict or project performance. The inception date for the Fidelity Multifactor Yield Index 5% ER Index is 12/11/19. Returns for this index prior to inception represent hypothetical preinception index performance (PIP), and returns for time frames after this date reflect actual index performance.

Annual Reset

Our Indexed Universal Life Insurance products also have an annual reset feature that allows the index credit to be “locked in” to the Index Account at the end of each index period. That amount can never be taken away due to negative index performance and participates in future growth, giving you the advantage of compounding interest in subsequent years. This provision also resets your starting index point at the end of each index period, protecting you from market risk as well as allowing you to take advantage of positive index performance from that point forward.

Caps, Participation, and Spread Rates

The indexes and crediting methods are only two of the factors that determine the interest to be credited at the end of an index period. The index cap, participation, and spread rates are based on current rates and are subject to change. The floor rate is guaranteed to never be less than zero percent. Please ask your agent for a copy of the Index Caps & Participation Rates brochure for a listing of our current caps and participation rates.

Indexed Universal Life insurance 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.

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THE S&P 500® COMPOSITE STOCK PRICE INDEX

THE S&P 400® COMPOSITE STOCK PRICE INDEX

These Indices do not include dividends paid by the underlying companies.

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The Uncapped S&P 500® option allows an unlimited return with no index cap rate, but applies an index participation rate less than 100% to the growth rate of the S&P 500®.

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