

RIGHT SOLUTIONS

IUL To The Interest Rate Rescue!

Using Indexed Universal Life (IUL) insurance to help clients gain financial protection and a financial cushion.

Sales Idea

Many clients have money that is “stranded” in low interest bearing accounts for which they don’t have an immediate use in mind. In addition to a death benefit, Indexed Universal Life insurance can provide attractive crediting rates for cash value accumulation.

When a client has limited or no life insurance coverage, they may have a death benefit need. Be sure to conduct a thorough needs-based analysis and determine if death benefit coverage is necessary before proceeding.

When the client has funds that are no longer meeting their needs, they have “stranded” money. These funds may be in savings, annuities or other vehicles. Each of these vehicles serves a purpose, so the critical question to ask is whether or not your clients’ needs have changed. Additionally, it’s important to remember that removing funds from annuities or other savings vehicles may result in penalty, surrender charges, or income taxes.

If your clients . . .

- Have a need for death benefit protection
- Are between the ages of 50 to 80
- Have a desire for their assets to be relatively liquid
- Have \$50,000 or more stranded in low-interest bearing accounts, such as:
 - Savings accounts
 - Money market accounts
 - Annuities¹
 - A recent windfall
 - Or other low-interest accounts

. . . **they may be a good fit for this interest rate rescue sales strategy.**



Check out the following hypothetical case studies to see how IUL life insurance can help!



Case Study 1

Raymond, age 72

Raymond, 72, has diabetes that is controlled with medication, diet, and exercise. When it comes to his life insurance, he has three primary concerns. The first is that he wants to have the death benefit protection needed to cover his expenses. Secondly, he's worried about how the low interest rate environment will impact his finances. And thirdly, he wants to have relative liquidity, or access to his funds.

His financial professional showed him the XL-EC5 IUL product from Midland National. It offers death benefit protection, with a Waiver of Surrender Charge² option and Table Shave feature.³ Raymond was able to get \$230,250 in death benefit, and he meets the eligibility requirements for the accelerated death benefit endorsement⁴ which can offer financial protection should he meet the qualifications.

Raymond's financial professional used an InsMark proposal in addition to the Life Solutions illustration.

Raymond Sample Illustration

Midland National Life Insurance Company																																											
One Sammons Plaza, Sioux Falls, SD 57193																																											
XL-EC5 Male 72 Non-Tobacco – Raymond										Issue State: South Dakota																																	
										Initial Specified Amount: \$230,250																																	
<p>This illustration reflects the following:</p> <p>Premium Allocations: S&P500® annual pt to pt 100%</p> <p>Death Benefit Qualification: Cash Value Accumulation Test</p> <p>Lump Sum of \$150,000.00</p> <p>Modified Endowment Contract in year 1</p> <p>Waiver of Surrender Charges</p> <p>Riders, as listed on the last page</p>																																											
INTEREST AND COST SCENARIOS																																											
<table border="0" style="width:100%; text-align:center;"> <tr> <td colspan="5"></td> <td colspan="3">Guaranteed</td> <td colspan="3">Non-Guaranteed Illustrated B</td> </tr> <tr> <td colspan="5"></td> <td colspan="3">Maximum Charges</td> <td colspan="3">Current Charges</td> </tr> <tr> <td colspan="5"></td> <td colspan="3">Minimum Account Value at 2.50%</td> <td colspan="3">Index Credits: 6.69% **</td> </tr> </table>																Guaranteed			Non-Guaranteed Illustrated B								Maximum Charges			Current Charges								Minimum Account Value at 2.50%			Index Credits: 6.69% **		
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End of Yr	Age	DB Opt	Annualized Premium Outlay	Type*	Account Value	Net Cash Surrender Value	Death Benefit	Account Value	Net Cash Surrender Value	Death Benefit																																	
1	73	1	150,000.00	E	146,886	146,886	230,250	156,005	156,005	239,469																																	
2	74	1	0		143,296	143,296	230,250	161,689	161,689	242,858																																	
3	75	1	0		139,153	139,153	230,250	167,422	167,422	246,111																																	
4	76	1	0		134,344	134,344	230,250	173,298	173,298	249,549																																	
5	77	1	0		128,733	128,733	230,250	179,337	179,337	253,046																																	
6	78	1	0		122,118	122,118	230,250	184,885	184,885	255,697																																	
7	79	1	0		114,245	114,245	230,250	190,515	190,515	258,529																																	
8	80	1	0		104,799	104,799	230,250	196,337	196,337	261,717																																	
9	81	1	0		93,976	93,376	230,250	202,392	202,392	265,134																																	
10	82	1	0		79,473	79,473	230,250	208,681	208,681	268,782																																	
			150,000.00	E																																							
11	83	1	0		62,459	62,459	230,250	218,660	218,660	277,262																																	

Death benefit is over 150% of single premium on day one.

With waiver of surrender charge, account value offers desired liquidity.

As the death benefit grows, so does the available accelerated death benefit amount.

Amounts shown in the Outlay column are annualized, but are illustrated based on the following frequency:

* E = Extra Premium

**Illustrated Index Credits: 6.69% all years

**Non-Guaranteed Alternate Rate: 3.75% all years

The information presented is hypothetical and not intended to project investment results. Illustrations are not complete unless all pages are included.

Life Solutions: March 6, 2017

Raymond Insmark Illustration

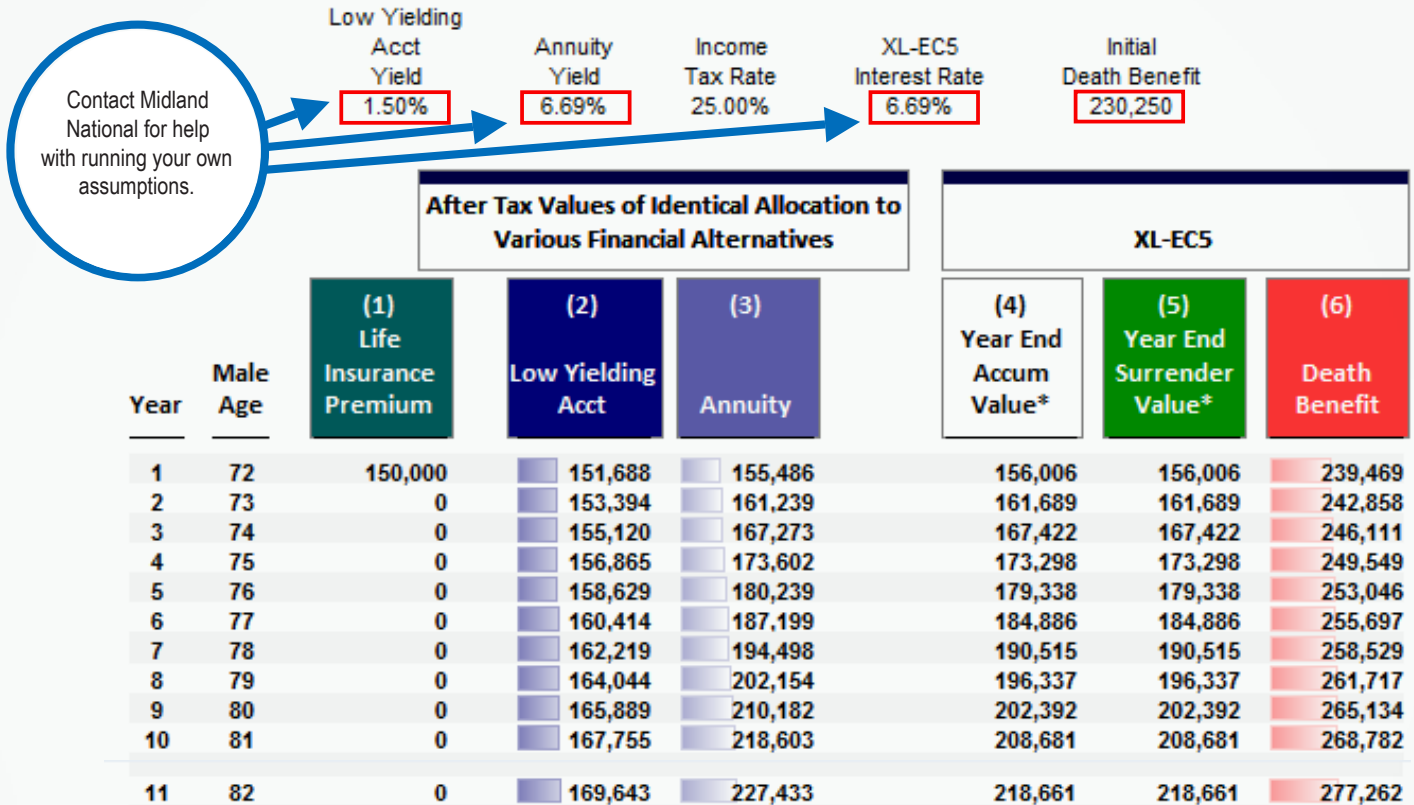
XL-EC5 vs. Various Financial Alternatives

Comparison Page 1:

Date: 2/3/2017

Presented By: Midland Agent

For: Raymond Client



Note: Annuity values do not reflect market rate adjustments, if any. See the accompanying report for details of surrender charges reflected in column (3).

See the accompanying reports for year-by-year details: Annuity Details

*This illustration is not valid unless accompanied by a proposal from Midland National. Please see Important Notes.

Management fee reflected in column 3: AN = 2.00%

Source: InsMark Software Module 2/3/17



Case Study 2

Susan, age 70

Susan is a 70-year-old-female who is now retired and adjusting to her new life. She wants to maintain a comfortable lifestyle and not worry about her money running out. She also has a desire to leave some money behind for her family. Not only does she need life insurance for death benefit protection, she's also concerned about illness potentially depleting her assets.

Based on these needs, her financial professional presents her with a possible solution, an XL-CV5 IUL product from Midland National. With the XL-CV5 Susan would be able to get the coverage she needs for her legacy while being able to leverage a death benefit if she were to incur a qualifying illness.

Because she put in a lump sum of money, she has a death benefit of \$178,000. Her cash value is relatively liquid and has the potential to grow based on index performance without having to be invested directly in the market. While she has no immediate need for this money, she has options down the road should her needs change. Over time her potential death benefit and cash value could grow.

Susan Sample Illustration

Midland National Life Insurance Company										
One Sammons Plaza, Sioux Falls, SD 57193										Issue State: South Dakota
XL-CV5 Female 70 Non-Tobacco – Susan										Initial Specified Amount: \$178,600
<p>This illustration reflects the following: Premium Allocations: S&P500® annual pt to pt 100% Death Benefit Qualification: Cash Value Accumulation Test Lump Sum of \$100,000.00 Modified Endowment Contract in year 1 Riders, as listed on the last page</p>										
INTEREST AND COST SCENARIOS										
Guaranteed							Non-Guaranteed Illustrated B			
Maximum Charges							Current Charges			
Minimum Account Value at 2.50%							Index Credits: 7.46% **			
End of Yr	Age	DB Opt	Annualized Premium Outlay	Type*	Account Value	Net Cash Surrender Value	Death Benefit	Account Value	Net Cash Surrender Value	Death Benefit
1	71	1	100,000.00	E	93,307	83,662	178,600	98,952	89,308	178,600
2	72	1	0		91,401	82,143	178,600	102,965	93,706	179,366
3	73	1	0		89,327	80,364	178,600	107,057	98,185	181,999
4	74	1	0		86,781	78,294	178,600	111,261	102,774	184,694
5	75	1	0		84,000	75,898	178,600	115,695	107,594	187,543
6	76	1	0		80,829	73,113	178,600	120,361	112,645	190,652
7	77	1	0		77,220	70,083	178,600	125,178	118,041	193,902
8	78	1	0		73,092	66,533	178,600	130,107	123,549	197,113
9	79	1	0		68,349	62,369	178,600	135,279	129,300	200,620
10	80	1	0		62,893	57,685	178,600	140,678	135,470	204,265
			100,000.00	E						
11	81	1	0		56,520	52,083	178,600	149,440	145,004	212,505

Death benefit amount is significantly higher than single premium on day one.

Initial Specified Amount: \$178,600

Surrender Value + Account Value = 90% liquidity

As the death benefit grows, so does the available accelerated death benefit amount.

Amounts shown in the Outlay column are annualized, but are illustrated based on the following frequency:

* E = Extra Premium

10407/TP

**Illustrated Index Credits: 7.46% all years

**Non-Guaranteed Alternate Rate: 3.75% all years

The information presented is hypothetical and not intended to project investment results. Illustrations are not complete unless all pages are included.

Susan Insmark Illustration

XL-CV5 Illustration of Values

Comparison Page 1:

Date: 2/3/2017

Presented By: Midland Agent

For: Susan Client

		Income Tax Rate 28.00%	XL-CV5 Interest Rate 7.46%	Initial Payment 100,000	Initial Death Benefit 178,600	
		(1) Policy Premium	(2) Increase In Accum Value*	(3) Year End Accum Value*	(4) Year End Surrender Value*	(5) Death Benefit
Year	Female Age					
1	70	100,000	98,953	98,953	89,308	178,600
2	71	0	4,013	102,966	93,707	179,366
3	72	0	4,092	107,058	98,185	181,999
4	73	0	4,203	111,261	102,774	184,694
5	74	0	4,435	115,696	107,594	187,543
6	75	0	4,665	120,361	112,645	190,652
7	76	0	4,818	125,179	118,042	193,902
8	77	0	4,929	130,108	123,550	197,113
9	78	0	5,172	135,280	129,300	200,620
10	79	0	5,398	140,678	135,470	204,265
11	80	0	8,763	149,441	145,005	212,505

Note: Annuity values do not reflect market rate adjustments, if any. See the accompanying report for details of surrender charges reflected in column (3).

See the accompanying reports for year-by-year details:
Annuity Details

*This illustration is not valid unless accompanied by a proposal from Midland National. Please see Important Notes.

Management fee reflected in column 3:
AN = 2.00%

Source: InsMark Software Module 2/3/17

Life Insurance Considerations

There are also some important considerations that should be covered with your clients. In the scenarios above, these considerations include:

- Cost of insurance charges (COIs) or other charges – life insurance comes with charges that your clients need to be aware of for planning purposes.
- Loss of premium – depending on funding, life insurance may not guarantee avoiding loss of premium.
- Surrender charges – withdrawals may be subject to surrender charges and the amount available for policy loans.⁵
- Modified Endowment Contracts (MECs) – MECs may have tax implications that you and your client need to take into consideration.⁶
- Review illustrations as requested.

Conclusion

In addition to a death benefit, Midland National's IUL product line can provide attractive crediting rates for cash value accumulation, and they can be a great option to give your clients an upgrade as their priorities change.

Questions?

**Contact Sales Support today to learn more.
Call 1-800-843-3316 ext. 32150.**

1. Removing funds from an annuity may result in surrender charges and/or income taxes.

2. Surrender charges will be waived upon a full surrender or partial surrender. Surrender charges will not be waived if the policy is surrendered under a 1035 Exchange (except in Florida). A decrease charge will be assessed if a reduction in the policy face amount is requested during the Waiver of Surrender Charge Period. However, for the XL-EC5, if a partial withdrawal results in a reduction of the face amount, the withdrawal charge is waived.

3. When a person applies for life insurance coverage, his or her health is evaluated and a corresponding underwriting rating is applied. This product's table shaving features allow certain substandard underwriting rates (known as "table ratings") to be improved to a "standard" rating. A "standard" rating generally indicates average health and involves a lower life insurance premium than do substandard ratings.

4. Subject to eligibility requirements. The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated. An administrative fee is required at time of election.

5. 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 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 premium).

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.

Indexed Universal Life 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.

XL-EC5 (policy form series L144, L144W with the Waiver of Surrender Charge) and XL-CV5 (policy form series L140) are underwritten and issued by Midland National Life Insurance Company, Administrative Office, One Sammons Plaza, Sioux Falls, SD, 57193. Products, features, endorsements, riders or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.