

Life

Supplemental Executive Retirement Plan

Consumer brochure



Business insurance

A photograph of four business professionals in an office. In the foreground, a woman with long brown hair, wearing a light blue blazer, is looking down at a red clipboard held by a man in a blue suit. The man is also looking at the clipboard. In the background, another woman in a grey blazer and a man in a light grey suit are standing and talking. The office has large windows and a potted plant on the left.

For the **life** of your business®

Supplemental Executive Retirement Plan (SERP)

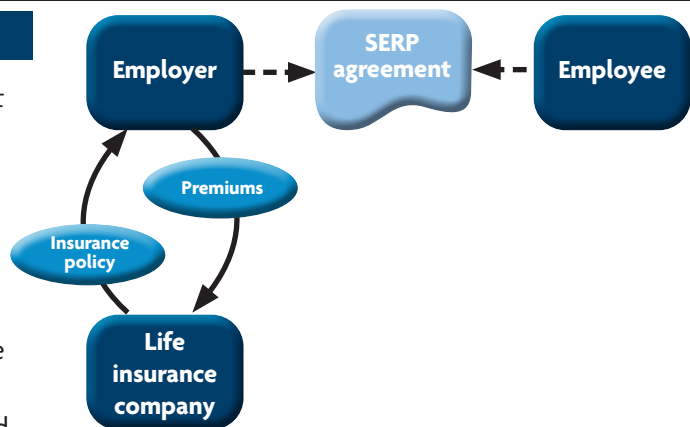
A Supplemental Executive Retirement Plan is an incentive program designed to provide monetary benefits to the employee upon retirement, or to their survivors upon the employee's death. The employer puts money aside to fund its obligation, and usually purchases life insurance on the employee to help meet its responsibilities. This type of plan can help attract, retain, motivate and reward specific employees. Unlike other benefits, a SERP does not have to be offered to all employees, which may increase the value for the selected individuals.

Feature	Description
SERP	A SERP is an agreement between the employer and selected employees under which the company agrees to provide a specified benefit amount at retirement or death. The employer puts money aside to fund its obligation, and often purchases insurance on the employee's life to help meet its responsibilities.
Premiums	The employer pays the life insurance premiums on any policy it decides to purchase on the employee's life. The employer owns and is beneficiary of any such policy.
Federal income tax	<p>Life insurance proceeds are generally received free of federal income tax. However, if the policy does not meet the notice and consent provisions under IRS Code 101(j), proceeds in excess of the amount of premium paid will be included in the employer's income.</p> <p>Benefits received by the employee or the employee's heirs are subject to income tax.</p> <p>For the business, benefits paid to the employee or the employee's heirs may be a tax-deductible expense.</p>
Alternative Minimum Tax	For C corporations, the Alternative Minimum Tax (AMT) may apply to life insurance proceeds death benefits and cash value in excess of policy cost basis.
Eligibility	<p>Within limits, the employer can be selective about which employees to cover. IRS approval is generally not required. A minimal amount of annual reporting is required.</p> <p>When considering a SERP for a business owner – the plan works best for businesses that are taxed separately from the person covered. For this reason, a SERP may not work well for sole proprietors, partners in a partnership, stockholders in a Sub-S Corporation, or members of some limited liability companies (LLCs).</p>
Creditors	The life insurance policy (and the cash value) is generally subject to the claims of the business's creditors.

How it works

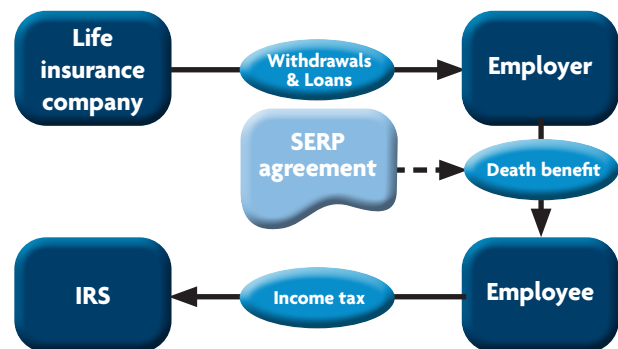
Supplemental Executive Retirement Plan

1. The employer and employee enter into an agreement under which the employee will receive certain payments from the employer in the event of retirement or death.
2. The employer buys a life insurance policy on the employee to help the employer meet its obligations under the SERP plan.
3. The employer pays the premium for the life insurance policy.
4. The cash value of the policy accumulates tax-deferred.



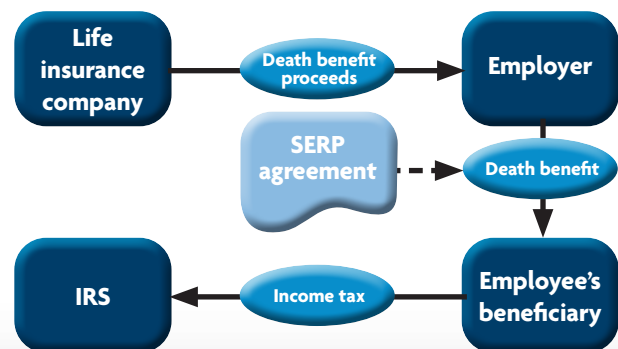
Upon retirement

5. At the employee's retirement, the employer can use the policy's cash value to help pay retirement benefits through policy loans and withdrawals¹ which are generally free from income tax.² Benefit payments to the employee may be a tax-deductible business expense to the employer. Benefits paid to the employee will be taxable income.



Upon death

6. When the employee dies, the employer receives the death benefit proceeds generally free from income tax² and can use the death benefit proceeds to provide survivor benefits to the employee's heirs. The amount paid to the heirs may be a tax-deductible business expense. Survivor benefits paid by the employer to the employee's heirs will be taxable as income.



Put an incentive program in place for your executives.
 Your financial professional can help develop and illustrate life insurance policies to fund a **Supplemental Executive Retirement Plan.**
Talk to your financial professional today!

Choose **Midland National** for your life insurance protection.

Strength and stability since 1906

With over 110 years of business under our belt, Midland National's continued and consistent financial strength is a result of our conservative and disciplined investment strategy, our private ownership structure, and doing what is right for our policyowners.

Privately owned and customer focused

As a privately owned company, Midland National is not subject to the short-term earnings pressures that publicly held companies often face. We are a company with plans to perpetuate itself for hundreds of years, not the next quarter or the next fiscal year. We focus on the long term. We focus on you.

High ratings for financial strength

Independent agency ratings provide a vital picture of an insurer's ability to keep its commitments to you, the customer. As a company, we've received A+ marks from A.M. Best, Fitch Ratings, and S&P Global Ratings.³ These ratings are based on financial strength, operating performance, and the ability to meet our obligations to our policyowners and contract holders. Our consistently high ratings show that with Midland National, you aren't just buying a product. You're buying a commitment to you and your family.



Contact your Midland National financial professional **today**
to help you develop a plan that is tailored to your specific needs.

1. Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract (MEC), as defined by Section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a MEC is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Distributions from MECs are subject to federal income tax to the extent of the gain in the policy and taxable distributions are subject to a 10% additional tax prior to age 59½, with certain exceptions. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your 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 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.

2. Neither Midland National nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

3. A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to contract holders. A+ (Superior) is the second highest rating out of 15 categories, and was affirmed for Midland National Life Insurance Company as part of Sammons Financial Group on August 7, 2019.

S&P Global Ratings awarded its "A+" (Strong) rating for insurer financial strength on February 26, 2009 and affirmed on May 14, 2020 to Midland National Life Insurance Company as part of Sammons Financial Group. The A+ (Strong) rating, which is the fifth highest out of twenty-two, reflects the financial strength of Midland National Life Insurance Company, member of Sammons Financial Group.

A+ Stable Rated by Fitch Ratings. Fitch Ratings, a global leader in financial information services and credit ratings, on April 9, 2020, assigned an Insurer Financial Strength rating of A+ Stable for Midland National. This rating is the fifth highest of 19 possible rating categories. The rating reflects the organization's strong business profile, low financial leverage, very strong statutory capitalization and strong operating profitability supported by strong investment performance. For more information, read the Fitch Ratings Report at www.fitchratings.com/site/pr/10028191.

The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a commission on the sale of an insurance product.

Insurance products issued by Midland National Life Insurance Company, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Products, features, riders, endorsements, or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.

Sammons FinancialSM is the marketing name for Sammons[®] Financial Group, Inc.'s member companies, including Midland National[®] Life Insurance Company. Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, Midland National Life Insurance Company.

