

# The Benefits of a Fixed Index Annuity



# In the Past, Planning for Retirement Could Often be Difficult...

You want the safety and guarantee of premium and past earnings.

*and*

You prefer the potential of higher returns by being linked to the market, a return that a fixed rate investment often cannot offer.

*and*

You want the option for guaranteed income you can't outlive.



# Now, You Can Have All the Choices with Midland National® Fixed Index Annuities!

Preservation of premium with a minimum interest rate guarantee on Fixed Account money.

*and*

Enhanced growth potential with stock market-linked indices<sup>1</sup>.

*and*

The opportunity to generate a guaranteed lifetime income



*“The entire essence of America is  
the hope to first make money  
– then make money with money  
–then make lots of money with  
lots of money.”*

*-Paul Erdman*

1. Fixed Index Annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. They may not be appropriate for all clients.

# Safety, Growth Potential, and Lifetime Income

A Fixed Index Annuity provides you with all of the features of a traditional Fixed Annuity, plus Interest Credits linked to a stock market index.

- Safety of premium
- Minimum interest rate guarantee on Fixed Account money
- Power of tax-deferral
- Potential of stock market-linked growth
- Lifetime income available
- Potential to avoid probate



# Confidence with Guarantees

Fixed Index Annuities with Midland National® offer guarantees such as:

- Minimum Surrender Value
- Minimum Guaranteed Interest Rate on money in the Fixed Account
- Interest Credit locked in annually or biennially
- An option for guaranteed lifetime income



## The Index Account Value plus the Fixed Account Value

The Index Account Value equals 100% of your premiums, plus any applicable premium bonus<sup>2</sup>, allocated to the Index Account, adjusted for any transfers in or out of the account, plus Interest Credit, less withdrawals and applicable surrender charges, plus or minus Market Value Adjustment.

The Fixed Account Value equals 100% of your premium, plus any applicable premium bonus, allocated to the Fixed Account, adjusted for any transfers in or out of the account, plus interest earned at the current rate, less withdrawals and applicable surrender charges, plus or minus Market Value Adjustment.

or

## The Minimum Surrender Value

The Minimum Surrender Value equals premiums, or a portion of premiums (excluding any applicable premium bonus), less any withdrawals, accumulated at a declared minimum interest rate. Please see the product-specific brochure for the details regarding the Minimum Surrender Value.

2. Products that have premium bonuses may offer lower credited interest rates, lower Index Cap Rates, lower Participation Rates and or greater Index Margins than products that don't offer a premium bonus. Over time and under certain scenarios the amount of the premium bonus may be offset by the lower interest rates, lower Index Cap Rates, lower Participation Rates and or greater Index Margins.

# Annuity Values Grow Tax-Deferred<sup>3</sup>

With an annuity, your money grows faster because you earn interest on dollars that would otherwise be paid in taxes and this interest is compounded. Under current law, annuities grow tax-deferred. Annuities may be subject to taxation during the income or withdrawal phase.

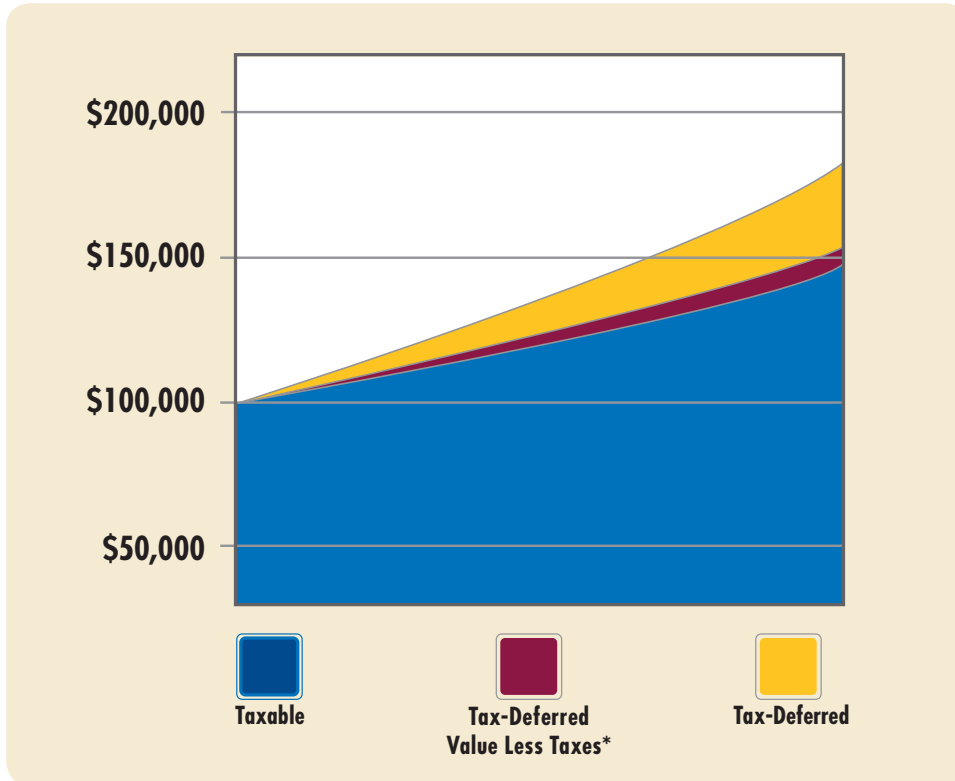
- Your premium earns interest, the interest compounds and the money that would have been paid in taxes earns interest.
- With this tax-deferral and interest compounding, you may accumulate more money over a shorter period of time and consequently earn more.



*“Compound interest’...  
Is the greatest invention  
of the 20th century.”*  
– Albert Einstein

3. Under current law, annuities grow tax deferred. An annuity is not required for tax deferral in qualified plans. Annuities may be subject to taxation during the income or withdrawal phase. Please note that neither Midland National, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice. Consult with and rely on your own qualified advisor.

# The Power of Tax-Deferral



The chart is a hypothetical example of tax-deferral and assumes an initial premium of \$100,000 earning 4.00% compounded annual rate of return for 15 years. It is not intended to predict or project performance. \*The tax deferred value less taxes represents the increase in value, due to tax deferral, less taxes at an assumed rate of 33% with no surrender charge or Market Value Adjustment applied.



*“In this world, nothing is certain but death and taxes.”*  
– Benjamin Franklin

# Taxable vs. Non-taxable Equivalent Yields

## The True Potential of Your Earnings

How much do you need to earn in a taxable savings plan to compare with a tax-deferred annuity from Midland National?

Remember that annuity earnings will be taxed in the “payout” or distribution phase.



### Real Rate of Return (Assuming 28% tax bracket)

Assumed Rate	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%
If Assumed Rate is taxable, actual after-tax yield is	1.44%	2.16%	2.88%	3.60%	4.32%	5.04%
If Assumed Rate is tax-deferred, the required taxable interest rate to produce after-tax yield equivalent to the Assumed Rate is	2.78%	4.17%	5.56%	6.95%	8.34%	9.73%

This table shows the interest rate required on a taxable investment to equal the interest rate of a tax-deferred annuity in accumulation. For example, a non-tax-deferred rate of 5% produces an after-tax yield of 3.60%. A 6.95% interest rate on a taxable investment would be necessary to equal the 5% interest rate of a tax-deferred annuity in accumulation.



# Potential of Stock Market-Linked Growth Without Risk

A Fixed Index Annuity allows for the potential of stock market-linked growth without the risk of any market-type loss.

Compare a non-tax-deferred fixed rate vehicle with a fixed index annuity. You will note that a Midland National fixed index annuity insulates you from the risk of market downturns.

## Financial Vehicle Comparison

	Non Tax-Deferred Fixed Rate Vehicle	Fixed Index Annuity
Tax Deferral		✓
Premium Guaranteed	✓	✓
Upside Market Potential		✓
Liquidity		✓
Potential to avoid probate		✓

The tax-deferred feature is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as Death Benefit, lifetime annuity payments and riders make the contract appropriate for your needs. Neither Midland National, nor any agents on its behalf, should be viewed as providing legal, tax or investment advice. Please consult with and rely on your own tax advisor. An annuity product is designed as a long-term vehicle and should not be purchased to reach short-term financial goals. Withdrawals taken prior to age 59½ may be subject to a 10% IRS penalty. Under current law, annuities grow tax-deferred.

# Lifetime Income

You've worked a lifetime building your retirement savings, but you may still be asking yourself questions such as, "Have I saved enough?", and "Will I outlive my money?" When building a retirement savings that is sustainable for the future, you need to consider the factors that will impact retirement planning.

## Inflation

In the last 10 years, inflation has risen an average of 2.40%<sup>4</sup>.

## Life Expectancy

Life expectancy at birth increased dramatically in the 20th century. (see chart).

## Health Care Costs

Health care costs are projected to increase an average of 7.4% in 2014<sup>5</sup>.

## Social Security

Changes in Social Security could affect future payments. Social Security is projected to run out of income by 2035<sup>6</sup>.

A Midland National fixed index annuity can provide a planning solution that delivers an option for guaranteed income you can't outlive in your retirement years.

4. Source: ForecastChart.com - December 2013

5. Source: Center of Medicaid - Medicare - November 2013

6. Source: Social Security Board of Trustee 2013 Report, NASRA, Social Security Administration.

## Importance of Lifetime Income

Lifetime income is more important than ever as people are living longer.

1901	49 Years	<b>59%</b> Increase
2008	78 Years	

Source: US National Center for Health Statistics, National Vital Statistics Reports, Vol 59, No 2. U.S. Census Bureau Statistical Abstract of the United States 2012.

## The population of people 65 and over will grow

2000	35 million or 13% of U.S. Population
Projected 2030	72 million or 20% of U.S. Population

Source: Older Americans 2010 Key Indicators of Well Being Report, The Federal Interagency Forum on Aging-Related Statistics, July 2010

*We can provide guaranteed income you won't outlive.*

# Probate

Probate is the legal process a person's estate goes through at death, transferring assets to beneficiaries and concluding financial affairs.

## Probate

- Public record
- Could take months or years

## Annuity

- May avoid probate
- Proceeds go directly to your named beneficiary

Proceeds from an annuity are the business of you, your named beneficiary, and Midland National.



# Midland National's Fixed Index Annuity Product Line is Flexible and Diverse

You may allocate money amongst several unique stock market-linked index accounts:

- Dow Jones Industrial Average™
- EURO STOXX 50®
- Nasdaq-100®
- Russell 2000®
- Gold Price
- Standard & Poor's 500®
- S&P 500® Low Volatility Daily Risk Control 5% Index
- Standard & Poor's Midcap 400®
- Optimal Index Strategy
- Hang Seng



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# No Single Index has Consistently Been the Top Performer

## PERIODIC CHART OF INDICES

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
HIGHEST	RUSSELL 2000® INDEX 15.49%	EURO STOXX 50® INDEX 22.54%	HANG SENG INDEX 32.94%	HANG SENG INDEX 36.84%	LONDON GOLD PM 6.18%	NASDAQ 100® INDEX 56.38%	LONDON GOLD PM 27.71%	LONDON GOLD PM 11.22%	HANG SENG INDEX 23.20%	RUSSELL 2000® INDEX 39.48%
	S&P MIDCAP 400® INDEX 14.67%	LONDON GOLD PM 17.66%	LONDON GOLD PM 21.33%	LONDON GOLD PM 31.90%	S&P 500® LOW VOL DRC INDEX -2.01%	HANG SENG INDEX 51.01%	RUSSELL 2000® INDEX 24.68%	DJIA® INDEX 6.20%	EURO STOXX 50® INDEX 14.60%	NASDAQ 100® INDEX 36.98%
	HANG SENG INDEX 13.07%	S&P MIDCAP 400® INDEX 11.69%	RUSSELL 2000® INDEX 17.19%	NASDAQ 100® INDEX 19.79%	DJIA® INDEX -35.15%	S&P MIDCAP 400® INDEX 40.32%	S&P MIDCAP 400® INDEX 24.05%	S&P 500® LOW VOL DRC INDEX 3.20%	NASDAQ 100® INDEX 14.06%	S&P MIDCAP 400® INDEX 33.24%
	NASDAQ 100® INDEX 10.46%	HANG SENG INDEX 6.23%	DJIA® INDEX 15.92%	DJIA® INDEX 6.91%	RUSSELL 2000® INDEX -37.45%	RUSSELL 2000® INDEX 31.20%	NASDAQ 100® INDEX 18.47%	NASDAQ 100® INDEX 2.67%	S&P MIDCAP 400® INDEX 13.72%	S&P 500® INDEX 31.28%
	S&P 500® LOW VOL DRC INDEX 10.44%	RUSSELL 2000® INDEX 3.81%	S&P 500® LOW VOL DRC INDEX 14.50%	EURO STOXX 50® INDEX 6.63%	S&P MIDCAP 400® INDEX -39.22%	S&P 500® INDEX 26.47%	S&P 500® INDEX 11.67%	S&P 500® INDEX 0.41%	RUSSELL 2000® INDEX 11.69%	DJIA® INDEX 27.56%
	S&P 500® INDEX 9.36%	S&P 500® INDEX 3.37%	EURO STOXX 50® INDEX 14.22%	S&P MIDCAP 400® INDEX 6.49%	S&P 500® INDEX -39.76%	LONDON GOLD PM 25.65%	DJIA® INDEX 9.68%	S&P MIDCAP 400® INDEX -3.29%	S&P 500® INDEX 11.04%	EURO STOXX 50® INDEX 18.05%
	EURO STOXX 50® INDEX 7.31%	S&P 500® LOW VOL DRC INDEX 2.14%	S&P 500® INDEX 13.58%	S&P 500® INDEX 3.77%	NASDAQ 100® INDEX -42.98%	EURO STOXX 50® INDEX 25.28%	HANG SENG INDEX 6.99%	RUSSELL 2000® INDEX -5.67%	LONDON GOLD PM 5.38%	S&P 500® LOW VOL DRC INDEX 12.22%
	LONDON GOLD PM 6.86%	NASDAQ 100® INDEX 1.95%	S&P MIDCAP 400® INDEX 9.20%	S&P 500® LOW VOL DRC INDEX 3.21%	EURO STOXX 50® INDEX -45.78%	DJIA® INDEX 21.69%	S&P 500® LOW VOL DRC INDEX 4.49%	EURO STOXX 50® INDEX -18.34%	DJIA® INDEX 5.30%	HANG SENG INDEX 2.55%
LOWEST	DJIA® INDEX 3.60%	DJIA® INDEX -0.14%	NASDAQ 100® INDEX 6.26%	RUSSELL 2000® INDEX -2.86%	HANG SENG INDEX -47.99%	S&P 500® LOW VOL DRC INDEX 9.43%	EURO STOXX 50® INDEX -6.18%	HANG SENG INDEX -20.01%	S&P 500® LOW VOL DRC INDEX 4.28%	LONDON GOLD PM -26.64%

■ STANDARD & POOR'S 500® INDEX (S&P 500®)  
■ STANDARD & POOR'S MIDCAP 400® INDEX (S&P MIDCAP 400®)

■ DOW JONES INDUSTRIAL AVERAGE™ INDEX (DJIA®)  
■ EURO STOXX 50®

■ RUSSELL 2000® INDEX  
■ NASDAQ-100® INDEX

■ HANG SENG INDEX  
■ LONDON GOLD PM

■ S&P 500® LOW VOLATILITY DAILY RISK CONTROL 5% INDEX (S&P 500® LOW VOL DRC INDEX)

This chart is intended to provide a historical overview of the percentage change in closing values of specific indices from calendar year end to the following calendar year end. It depicts a relative ranking of each index from highest performing to lowest performing based on the percentage change in year end values from one year to the next. The S&P 500 Low Volatility Daily Risk Control 5% Index has been in existence since 8/18/2011. Ending values in years prior to inception are determined by S&P Dow Jones Indices LLC or its affiliates ("SPDJ") using the same methodology as used currently. The results shown are not reflective of a direct investment in the stock market or any individual stocks, nor should this be viewed as a prediction of future performance, or that any one index may out perform another over time, or future index credited within any of our Fixed Index Annuity products. This information is provided for general reference purposes and should not be viewed as investment advice. Neither Midland National®, nor any agents acting on its behalf should be viewed as providing legal, tax or investment advice. Always consult with and rely on a qualified advisor when making a purchasing decision.

# Surrender Charges

- Range from 4 through 14 years.
- Allow the Company to invest long-term<sup>7</sup> and generally credit higher yields than on a shorter term similar annuity.
- Assessed on any amount withdrawn, whether partial or full, exceeding the penalty-free amount.

## Market Value Adjustment

(also referred to as Interest Adjustment)

- Included on most Midland National annuities.
- May decrease or increase surrender value, depending on changes in interest rates since purchase.

Surrender charges and the availability of a Market Value Adjustment will vary by product and issue state. Please see specific product brochure for complete product details.

7. An annuity product is designed as a long term vehicle and should not be purchased to reach short term financial goals.



# Who Can Benefit From a Fixed Index Annuity with Midland National?

- Conservative savers
- CD<sup>8</sup> and traditional fixed annuity owners
- Retirement savers
- Savers desiring potentially higher returns with downside protection of premium from market loss
- Planners looking for a guaranteed lifetime income stream

Do any of these describe you?



8. Annuities are not deposits of or guaranteed by any bank and are not insured by the FDIC or any other agency of the US.  
All guarantees are subject to the financial strength of Midland National.

# How Can You Benefit From a Midland National Fixed Index Annuity?

You will have options allowing for the potential to earn Interest Credits based on stock index gains without risk of premium due to market loss.

Many people are currently taking advantage of this incredible opportunity.

Are you ready to experience the benefits that a Midland National Fixed Index Annuity can provide?



*“A goal without a plan is a wish.”*  
– Antoine de Saint-Exupery



# Financial Strength

All Midland National tax-deferred annuities are backed by the financial strength of our investment portfolio, which emphasizes high-quality bonds that provide safety, liquidity and competitive interest rates. For almost 30 years, we have consistently earned high ratings from the rating company A.M. Best. These ratings are based on our financial strength, operating performance and ability to meet obligations to our contract holders.

## Midland National Has Consistently Earned High Industry Ratings:

<b>A.M. Best</b>	<b>A+ (Superior)<sup>*, °</sup></b>	2nd highest out of 15 categories	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.
<b>Standard &amp; Poor's Corporation</b>	<b>A+ (Strong)<sup>°, §</sup></b>	5th highest out of 22 categories	Standard & Poor's Corporation is an independent third-party rating firm that rates on the basis of financial strength.

\* A.M. Best rating affirmed on May 30, 2014. For the latest rating, access [www.ambest.com](http://www.ambest.com).

° Awarded to Midland National<sup>®</sup> as part of Sammons Financial Group, which consists of Midland National<sup>®</sup> Life Insurance Company and North American Company for Life and Health Insurance<sup>®</sup>.

§ Standard and Poor's rating assigned February 26, 2009 and affirmed on May 15, 2014.

Ratings shown reflect the opinions of the rating agencies and are not implied warranties of the company's ability to meet its financial obligations. Ratings are current as of the date of this brochure.

