

# Income**Focus**<sup>SM</sup>

optional guaranteed lifetime withdrawal benefit (GLWB) rider





# focus [foh-kuh s]

a central point, as of attraction, attention, or activity

In today's world, consumers are constantly hearing about the topic of retirement readiness. And, many people are concerned about whether or not there is enough focus on preparing for retirement. With the disappearance of pension plans, an uncertain future for Social Security and a fluctuating economy, consumers are facing a challenge to know where to turn with their retirement savings.

When it comes to individuals in or nearing retirement, the concerns related to retirement savings amplify and generally fall into four categories:

## Longevity

"Could I outlive my retirement savings?"

## Inflation

"Am I financially prepared for the rising cost of goods and services?"

## Nursing home costs

"Am I ready for the financial hit of potentially needing care?"

## Flexibility

"Will I have control of my retirement savings to adapt with changing life circumstances?"

Stated simply, consumers are looking for retirement solutions with a **focus**. A **focus** on strength. A **focus** on guarantees. But most importantly, a solution with a **focus** on them.



# Introducing IncomeFocus<sup>SM</sup>

An optional guaranteed lifetime withdrawal benefit (GLWB) rider

- Available to ages 40 and above
- Minimum premium: \$20,000 qualified and non-qualified

Midland National® has created a way for those nearing, or in retirement, to discover a new kind of retirement. Built with the consumer in mind, the IncomeFocus, through lifetime payment amounts (LPAs), provides a lifetime income stream you cannot outlive. Consumers asked for a solution to address outliving their retirement savings, Midland National offers a potential solution equipped to provide a lifetime of LPAs.

IncomeFocus is an optional guaranteed lifetime withdrawal benefit (GLWB) rider that can help secure a lifetime payment stream for an annual charge and can be added to your annuity contract. With the IncomeFocus you can access your LPAs after the first contract year and as early as age 50.

Beyond simply providing a lifetime of LPAs, the IncomeFocus rider provides ways the LPAs can be modified to better fit how you live your retirement:

## LPA options

Level or increasing LPAs

## LPA reserve

Defer all or a portion of each LPA for future needs

## Nursing home multiplier

Doubled LPA when you need it most

## Spousal continuance

Options for a surviving spouse

For purposes of this rider, “income” refers to the contractual guarantee provided by election of lifetime payment amounts (LPA). It is not the same as and does not refer to interest credited to the annuity contract. Consult your own tax advisor regarding tax treatment of LPAs, which will vary according to your individual circumstances.



## Hypothetical case study

To help illustrate the power of the IncomeFocus, let's follow our hypothetical couple, Howard and Judy, through their retirement journey. Seeking to address his retirement income concerns, Howard purchased a Midland National fixed index annuity and added the IncomeFocus rider to assure LPAs he can't outlive.

## About Howard & Judy:

- Married
- Age 50
- \$200,000 premium



# Determining your lifetime payment amount (LPA)

When it comes to your LPA, it's as easy as **1-2-3!**

**1** - GLWB value

**2** - Roll-up rate (referred to in your contract as GLWB value increase percentage)

**3** - Lifetime payment percentage (LPP)

## 1 - GLWB value\*

With the IncomeFocus, your annuity premium provides a GLWB value, which can be used to generate LPA's. The GLWB value initially equals 100% of your premium. It's important to understand the difference between the GLWB value and the contract accumulation value.

GLWB value	Accumulation value
Used to determine LPAs and the IncomeFocus rider charge. Not available as a lump sum or death benefit.	Used to determine annuity payout options, penalty-free withdrawals, surrender value and death benefit. Grows via any fixed and index account interest credits.

\* The GLWB Value does not include any premium bonus that may be included on base contract.

Howard purchased a Midland National fixed index annuity with \$200,000 premium. The following table illustrates what this means for his initial GLWB value.

Premium on issue date	\$200,000
GLWB value on issue date	\$200,000

This hypothetical example is for illustrative and educational purposes only.

## 2 - Roll-up rate

Features a 6.00% roll-up rate compounded for up to 10 years (or until LPED, if earlier). The roll-up rate (also known as the GLWB value increase percentage) is a guaranteed rate applied only to the GLWB value that compounds annually for the GLWB roll-up period (also referred to as the GLWB increase period). It offers growth potential for your GLWB value, even if you take a penalty-free withdrawal (also referred to as a penalty-free partial surrender) from your accumulation value. If LPAs are started during the ten year period, the roll-up rate will no longer be applied in following years.

### Roll-up rate is applied when:

- No withdrawals in excess of the available penalty-free partial surrender are taken

### Roll-up rate is not applied when:

- LPAs have been elected
- Withdrawals in excess of the available penalty-free partial surrender are taken

Roll-up rate	Contract anniversary	GLWB value
<b>6.00% compound for 10 years</b>  Assumes a \$200,000 premium at issue and no withdrawals during this 10-year period.	At issue	\$200,000
	1	\$212,000
	2	\$224,720
	3	\$238,203
	4	\$252,495
	5	\$267,645
	6	\$283,704
	7	\$300,726
	8	\$318,770
	9	\$337,896
	10	\$358,170

This hypothetical example is for illustrative and educational purposes only.

### 3 - Lifetime payment percentage

Your LPAs will be determined by multiplying your current GLWB value by the lifetime payment percentage (LPP) based on your attained age. You will need to notify Midland National to begin receiving LPAs. However, after this election is made, roll-ups will no longer be available.

Here's a hypothetical example of Howard's available LPAs depending on when he begins taking LPAs:

Contract anniversary	GLWB value	Level LPP	Available annual LPA
5 (age 55)	\$267,645	4.30%	\$11,509
10 (age 60)	\$358,170	4.80%	\$17,192

This hypothetical example is for illustrative and educational purposes only.

#### Lifetime payment percentages (LPPs)

Level LPA			Increasing LPA		
Attained age of covered person	<b>SINGLE</b> Covered person	<b>JOINT</b> Covered person	Attained age of covered person	<b>SINGLE</b> Covered person	<b>JOINT</b> Covered person
<b>50-59</b>	4.30%	3.80%	<b>50-54</b>	3.30%	2.80%
<b>60-64</b>	4.80%	4.30%	<b>60-64</b>	3.80%	3.30%
<b>65-69</b>	5.30%	4.80%	<b>65-69</b>	4.30%	3.80%
<b>70-74</b>	5.80%	5.30%	<b>70-74</b>	4.80%	4.30%
<b>75-79</b>	6.30%	5.80%	<b>75-79</b>	5.30%	4.80%
<b>80+</b>	6.80%	6.30%	<b>80+</b>	5.80%	5.30%



#### Starting Your LPAs *"Did You Know?"*

You can begin taking LPAs from the IncomeFocus rider after the first contract year and as early as age 50. Provided that no excess withdrawals have been taken, LPAs will be available even if both the accumulation value and GLWB value are reduced to zero. You also have the flexibility to start and stop payments at any time. Electing LPAs is not the same as annuitizing your underlying annuity contract. The start of your LPAs is referred to as the lifetime payment election date (LPED).

Future payments will not decrease so long as you don't withdraw more than your LPA in any contract year.

Midland National will report LPAs as withdrawals. Additionally, any withdrawal taken before age 59 1/2 may be subject to additional IRS penalty taxes. Consult your tax advisor regarding tax treatment of LPAs, which will vary according to your individual circumstances.





# IncomeFocus adapts to your retirement

Just as your retirement and life needs change, your retirement income should be able to adapt. The IncomeFocus offers two ways you can customize your own LPA as well as two ways to help you and your loved ones when you need it most.

 LPA options

 LPA reserve

 x2 Nursing home multiplier

 Spousal continuance



## LPA options

### Level vs. increasing LPA

While the level LPA design ensures a consistent LPA you cannot outlive, the increasing LPA option (also known as current increasing option percentage) offers a way to help address the rising costs of goods and services when it comes to your retirement.

### How it works

When you decide to start your lifetime payments, you'll first need to determine whether the level LPA option or the increasing LPA option is right for you.

Here is how they compare:

#### 1) Level LPA

LPA is a set amount and will not increase. It can be decreased due to any excess partial withdrawals.

#### 2) Increasing LPA

While you would receive a lower initial LPA than with the level LPA option, your LPA would increase by an annual increase percentage each year. The annual increase percentage will be declared as of your LPED, but will never be less than that guaranteed minimum increasing rate. The LPA annual increase percentage will not change once LPAs have started. LPAs can be decreased due to any excess partial withdrawals.

Contact our customer service area for the current annual increasing LPA percentage. This rate is subject to change. The rate that applies to your contract will be the rate declared as of your lifetime payment election date. This rate will never be less than the minimum guaranteed increasing option percentage of 0.25%. Contact our customer service area for the current annual increasing LPA percentage.

When Howard decided to begin taking LPAs, he needed to determine if his situation was best suited for level or increasing LPAs.

### Hypothetical example of LPA options

Attained age	Level	Increasing
55	\$11,509	\$8,832
60	\$11,509	\$9,752
70	\$11,509	\$11,887
80	\$11,509	\$14,490

This hypothetical example is for illustrative and educational purposes only. Assumes LPA begins after the 5th contract anniversary, at age 55. The Increasing LPA assumes a 2% annual increase.

# LPA reserve

## Flexible payments for a flexible retirement

We understand that your retirement needs may change. Perhaps you want to prepare for an unexpected expense, plan a dream vacation, pay for a grandchild's college or simply have LPA flexibility later in life. The LPA reserve feature provides you the flexibility to customize your LPAs to fit your personal goals.

## How it works

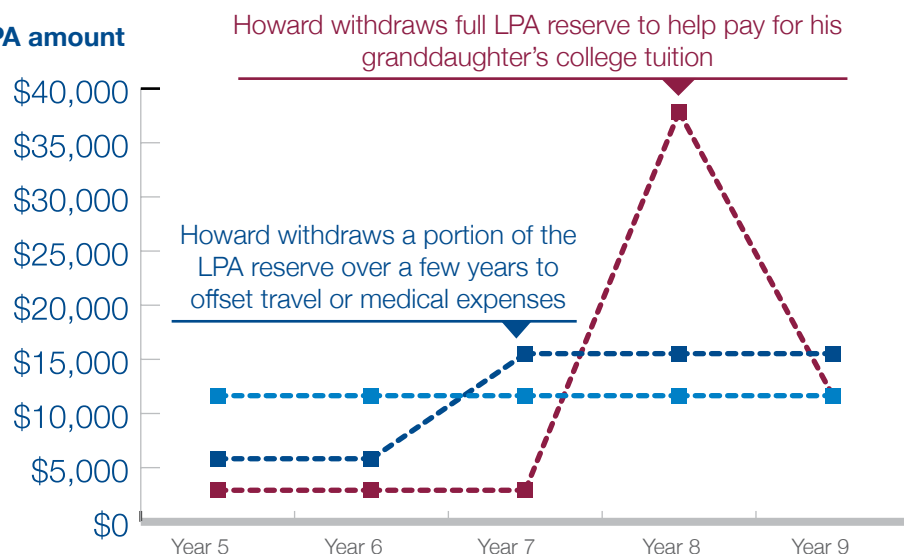
In any year after you have elected your LPA, you can choose to take less than the full LPA. At the end of the contract year, the portion of LPA that is not taken will be placed in the LPA reserve subject to the maximum LPA reserve. The LPA reserve value is available to be taken as a lump sum at any time or periodically withdrawn until depleted.

Here are two hypothetical scenarios of how Howard could use the LPA reserve compared to taking the full LPA:

		Year 5	Year 6	Year 7	Year 8	Year 9
<b>Scenario 1 - Full LPA taken</b>	LPA taken	\$11,509	\$11,509	\$11,509	\$11,509	\$11,509
	Cumulative LPA reserve	\$0	\$0	\$0	\$0	\$0
<b>Scenario 2 - Higher LPA later</b>	LPA taken	\$5,754	\$5,754	\$11,509	\$11,509	\$11,509
	Cumulative LPA reserve	\$5,755	\$11,509	\$7,673	\$3,837	\$0
	<b>Total withdrawal</b>	\$5,754	\$5,754	\$15,345	\$15,345	\$15,345
<b>Scenario 3 - Lump sum withdrawal</b>	LPA taken	\$2,877	\$2,877	\$2,877	\$11,509	\$11,509
	Cumulative LPA reserve	\$8,632	\$17,263	\$25,895	\$0	\$0
	<b>Total withdrawal</b>	\$2,877	\$2,877	\$2,877	\$37,404	\$11,509

This hypothetical example is for illustrative and educational purposes only.

### LPA amount



This hypothetical example is for illustrative and educational purposes only.



## LPA reserve "Did you know?"

If the LPA reserve equals or exceeds the accumulation value, the LPA reserve has reached its maximum. If the accumulation value is reduced to zero, any LPA reserve at that time is paid to you in a lump sum and the LPA reserve is no longer available. As long as the accumulation value is greater than zero, if the LPA reserve is greater than the accumulation value, then the LPA reserve (instead of accumulation value) is paid as the death benefit.



# Nursing home multiplier

## Double the lifetime payment amount when you need it most

While nobody likes to think about it, the potential cost of nursing home care can take a substantial bite out of retirement savings. This, in turn, can have a negative effect on ongoing retirement income.

With the nursing home multiplier (referred to in the rider as the LPA multiplier) feature of your IncomeFocus rider, you have the option to receive an increased lifetime payment, if needed, to help with nursing home expenses.

## How it works

With the nursing home multiplier feature, the LPA can be doubled if you become confined to a qualified nursing care center for a period of more than 90 consecutive days, after the 2nd contract year, and you remain confined in future contract years. This benefit is available as early as age 50, and it can be accessed for up to five annual payments. This benefit does not have to be utilized for a consecutive five year period.

To qualify for this benefit, you cannot be confined on the issue date, and you must wait at least two years after your annuity issue date before requesting the nursing home multiplier benefit. This feature is no longer available when your accumulation value reaches zero.



This hypothetical example is for illustrative and educational purposes only.

## Nursing home multiplier plus LPA reserve *"Did you know?"*

If you are receiving doubled LPAs from the nursing home multiplier, you can still utilize the LPA reserve by deferring all or a portion of the doubled LPA. During this time of need, the LPA reserve can work in tandem with the nursing home multiplier providing strong flexibility.





# Spousal continuance

Your spouse may be able to continue receiving GLWB benefits after your death.

If your surviving spouse is the sole beneficiary, he or she may have the option to use a spousal continuance to keep both the contract and IncomeFocus rider in force. The table below outlines the potential outcomes:

Annuity contract format	Before LPAs are elected	After LPAs are elected
<b>Single covered person</b>	Surviving spouse may continue the IncomeFocus rider. LPA, based on the surviving spouse as the new covered person, is available until his/her death.	Spousal continuation of the rider is not available.
<b>Joint covered person</b>	Surviving spouse may continue the IncomeFocus rider and the LPA, based upon the surviving spouse as a single covered person, will be paid until the death of the surviving spouse.	Surviving spouse may continue the IncomeFocus rider and the LPA established at lifetime payment election date will continue to be paid until death of the surviving spouse.

## Ownership

For purposes of this Rider, the owner and the annuitant must be the same. If there are joint owners, they must also be joint annuitants. Joint annuitants must be spouses. If the owner is not a natural person, the annuitant(s) are considered covered person(s) under this rider. Change of ownership is only allowed when changing from a non-natural owner to the annuitant(s).



# A closer look at the GLWB value

Since the GLWB value is a key component to your LPAs, it's important to know how it can increase or decrease.

## GLWB value increases due to:

- Additional premiums during the GLWB value premium period
- Annual GLWB value roll-ups

## GLWB value decreases due to:

- Withdrawals, including penalty-free withdrawals, RMDs, and LPAs
- All withdrawals will reduce the GLWB value on a proportional basis

Your death benefit and surrender value are both determined by your accumulation value. LPAs, as well as other types of withdrawals, will reduce both your accumulation value and your GLWB value.



## Impact of withdrawals

Your GLWB value will be reduced for any withdrawals taken both before or after LPAs begin. Each withdrawal will reduce your GLWB value in proportion to the amount withdrawn from your accumulation value. For example, if you take a withdrawal of 7% of your accumulation value, your GLWB value will be reduced by 7% as well, even though this may represent a larger dollar amount than what you had withdrawn.

If an IRS-required minimum distribution is required, the greater of the LPA or the RMD will be allowed without penalty by current company practice.

A feature offered "by current company practice" is not a contractual guarantee of this annuity contract and can be removed or changed at any time.

# Rider termination

We understand that your needs may change. That's why you have the option to terminate this rider at any time. However, terminating this rider forfeits access to the GLWB value, LPA, LPA reserve, and LPA multiplier features. Termination of the rider will not automatically terminate the contract. Once terminated, this rider cannot be reinstated and you will not be reimbursed for charges previously incurred.

## The IncomeFocus rider will terminate when:

- A death benefit is paid on the contract to which this rider is attached
- You begin taking annuity payments from the contract or on the maturity date if a payout option is elected
- The contract's accumulation value, the GLWB value and LPA all equal zero
- You take a loan on your 403(b) contract
- The contract to which this rider is attached terminates
- You request to terminate this rider

# Rider charge

1.05% of GLWB value each contract anniversary.

Your annual charge (called GLWB charge) is calculated by multiplying a charge percentage by the GLWB value on the contract anniversary. This charge will be deducted from your accumulation value on each contract anniversary until either your contract or GLWB rider terminates. If you terminate this rider, you will not be reimbursed for the charges previously incurred.

## The annual GLWB charge will be deducted each year including:

- Years when a withdrawal is taken
- Years after LPAs have started
- Years when no interest is credited to the contract
- Years during which you are confined to a nursing care center
- When the rider continues following spousal continuance

Although fixed index annuities guarantee no loss of premium due to market downturns and fluctuations, deductions from your accumulation value for optional rider charges could under certain scenarios exceed interest credited to your accumulation value, which would result in loss of premium.

# Protect your assets and those you love with an industry leader

Midland National® Life Insurance Company is a leading insurance company in the U.S. Throughout our 100-plus year history, we've focused on providing growth, income, and financial protection to the clients we serve. Our insurance and annuity products have consistently provided value to our clients – in all types of market and economic environments.

Midland National has continued to earn high ratings, based on our financial strength, operating performance, and ability to meet obligations to our policyholders and contract holders. Midland National currently holds the following ratings:

A.M. Best <sup>A,B</sup>	S&P Global Ratings <sup>B,C</sup>	Fitch Ratings <sup>D</sup>
<p><b>“A+”</b> (Superior)</p> <p>(Second category of 15) Superior ability to meet ongoing obligations to policyholders</p>	<p><b>“A+”</b> (Strong)</p> <p>(Fifth category of 22) Very strong financial security characteristics</p>	<p><b>“A+”</b> (Stable)</p> <p>(Fifth category of 19) Strong business profile, low financial leverage</p>

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 policyholders. S&P Global Ratings is an independent, third-party rating firm that rates on the basis of financial strength. Ratings shown reflect the opinions of the rating agencies and are not implied warranties of the company's ability to meet its financial obligations. The ratings above apply to Midland National's financial strength and claims-paying ability. **a)** A.M. Best rating affirmed on Aug. 2, 2018. For the latest rating, access [ambest.com](http://ambest.com). **b)** Awarded to Midland National® as part of Sammons® Financial Group Inc., which consists of Midland National® Life Insurance Company and North American Company for Life and Health Insurance®. **c)** Standard & Poor's rating assigned Feb. 26, 2009 and affirmed on Sept. 10, 2018. **d)** Fitch Ratings, a global leader in financial information services and credit ratings, on April 24, 2018, affirmed 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 access [fitchratings.com](http://fitchratings.com).

For purposes of this rider, “Income” refers to the contractual guarantee provided by election of lifetime payment amounts (LPA). It is not the same as and does not refer to interest credited to the annuity contract. Consult your own tax advisor regarding tax treatment of LPAs, which will vary according to your individual circumstances.

The IncomeFocus™ is an optional guaranteed lifetime withdrawal benefit (GLWB) rider available for an additional charge at the time of application on certain fixed index annuities on forms AR305A and ICC15-AR305A.NX (rider) and PS305B and ICC15-PS305B.NX (spec pages) or appropriate state variation by Midland National® Life Insurance Company, West Des Moines, IA. This rider may not be available in all states, on all products, or appropriate for all clients. Please ask your Sales Representative for product availability. 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 a qualified advisor.

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West Des Moines, IA 50266  
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