Market Value Adjustment

MIDLAND NATIONAL® Life Insurance Company | Annuity

This piece is designed to provide an explanation of how the Optional Market Value Adjustment feature can affect your annuity contract with Midland National® if elected at issue. Please read carefully.

When is the Market Value Adjustment Applied?

The Market Value Adjustment is applied only during the surrender charge period of your annuity contract to full or partial surrenders in excess of the penalty-free amount. The surrender charge period will vary by Guarantee Period elected. (See your product brochure for details). Annuity contracts have limited liquidity during the surrender charge period, so make sure the annuity selected meets your liquidity needs. The Market Value Adjustment is not applied upon death of the owner and/or annuitant and may not apply upon annuitization. The Market Value Adjustment does not apply after the surrender charge period.

Market Value Adjustment Formula

The Market Value Adjustment will be calculated by multiplying the portion of any full or partial surrender (before the reduction for any surrender charge) that exceeds any available penalty-free withdrawal amount by the formula described to the right.

$$[(i_o - i_t - 0.005) \times (T)]$$

*Formula may vary by state, see your contract for details.

i_o = The current interest rate, excluding any additional interest, when the contract is issued.

i_t = The current interest rate, excluding any additional interest, offered for new contracts at the time of partial or full surrender.

T = Time in years as follows: number of days from the date of the partial or full surrender to the end of the current contract year divided by 365; plus whole number of years remaining in the surrender charge period.

How does the Market Value Adjustment Work?

The Market Value Adjustment affects the Surrender Value of your annuity contract. The Surrender Value is defined in your annuity contract and is guaranteed to be greater than or equal to the Minimum Guaranteed Contract Value (MGCV).

The Surrender Value of your annuity will generally decrease as new money interest rates for your annuity rise, which creates a negative adjustment to your Surrender Value. This is similar to how bond rates are impacted by interest rates. Likewise, when new money rates for your annuity fall, the Surrender Value generally increases.

However, the total Market Value Adjustment applied over the life of the contract is limited to the interest credited to the Accumulation Value.

Lower interest rates at time of issue may result in less opportunity for a positive Market Value Adjustment in future contract years. In certain rate scenarios at the time of issue, it may not be possible to experience a positive Market Value Adjustment.

The table below illustrates the effect of future new money interest rate changes on annuity surrender values[1, 2] assuming the future rate increases or decreases by 1% or 2%.

Annuity Surrender Values

Contact Year	2% Decrease	1% Decrease	0.50% Decrease	No Change	1% Increase	2% Increase
1	$4,000	$2,080	0	($2,080)	($3,000)	($3,000)
2	$4,640	$1,547	0	($1,547)	($4,640)	($5,110)
3	$3,216	$1,072	0	($1,072)	($3,216)	($5,361)
4	$1,656	$552	0	($552)	($1,656)	($2,761)
5	0	0	0	0	0	0

1. Illustration assumes no change in renewal rates. Values assume a $100,000 single premium allocated to the Fixed Account with a 3% interest rate and 1% interest rate bonus based on a MNL Dynamic Choice® 5-Year contract issued by Midland National®.
2. The effect on the values of the contract you purchased may differ from those in this table. Refer to your Contract for details.

Sample calculation

If you put $100,000 into a 5-Year contract with a 3% interest rate and a 1% interest rate bonus, you would have an Accumulation Value of $110,334 in three years. This example assumes that a Market Value Adjustment would be applied upon full surrender at the end of the third contract year, a penalty-free withdrawal of $3,120 is available and a 7% surrender charge would apply.

If the new money interest rate changes from 3% to:

Current Interest Rate for New Contracts	2%	4%
Market Value Adjustment Calculation	(0.03 - 0.02 - 0.005) X 2 = 0.01	(0.03 - 0.04 - 0.005) X 2 = (0.03)
Accumulation Value (before Market Value Adjustment)	$110,334	$110,334
Interest-Only Penalty-free Withdrawal	$3,120	$3,120
Market Value Adjustment	($110,334 - $3,120) X .01 = $1,072	($110,334 - $3,120) X .03 = ($3,216)
Accumulation Value (after Market Value Adjustment)	$111,406	$107,118
Surrender Charge	($110,334 - $3,120) X .07 = $7,505	($110,334 - $3,120) X .07 = $7,505
Cash Surrender Value*	$103,901	$99,613

*Guaranteed not to be less than the minimum required by state laws where the contract is written. It is not the intent of Midland National®, this brochure, or your representative to give tax advice. Consult with and rely on your personal tax advisor on specific points of importance to you.

Not FDIC/NCUA Insured	Not A Deposit Of A Bank	Not Bank Guaranteed
May Lose Value	Not Insured By Any Federal Government Agency	

This Flyer is not complete without the MNL Dynamic Choice® product brochure.

The MNL Dynamic Choice® is issued in Connecticut on forms AS129A06 (contract) and AR158A06 (rider/endorsement) by Midland National® Life Insurance Company, West Des Moines, IA.

This brochure is for solicitation purposes only. Please refer to your contract for any other specific information. With every contract that Midland National issues there is a free-look period. This gives you the right to review your entire contract and if you are not satisfied, return it and have your premium returned.

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