Understanding policy loans and withdrawals

The primary purpose of life insurance is to provide a means of support to your beneficiaries if something were to happen to you - helping your family keep their home, pay off debt and maintain aspirations for college. The cash value from your permanent life insurance policy can also provide a living benefit, allowing you to request a partial surrender or policy loan.

Partial surrenders[1]

You can withdraw money from your policy's cash surrender value by requesting a partial surrender tax advantaged. With the IRS's tax treatment of distributions from life insurance contracts, known as first in — first out, policyholders can withdraw the cost basis first before they take out the gain. Any withdrawals from the life insurance contract beyond the cost basis are taxed at ordinary income tax rates.

In order to avoid taxation on the distributions above and beyond the cost basis, policyholders can borrow money from the life insurance company using the policy accumulation value as collateral.[2]

Policy loans

We offer up to four types of loans on several of our indexed universal life (IUL) products. The loan rate charged on the loan, and how the cash value is allocated for collateral purposes, will depend on the type of loan chosen.

Fixed interest rate loans[3]

The rate charged for fixed interest rate loans does not change over the life of the loan. We allocate the same amount of cash value as you borrowed from us to a loan account as collateral for the loan.

Fixed interest rate loans are chosen for their low cost because the charges do not vary from year to year.

Product	Rate charged	Rate credited
Eclipse Accumulator IUL	4%	3% in years 1-10 4% in years 11+
Eclipse Protector II IUL	4%	3% in years 1-10 3.9% in years 11+
Eclipse Survivor II IUL	4%	3% in years 1–10 4% in years 11+

Tax-deferred accumulation and tax-advantaged accumulation

Our indexed universal life policies can provide tax-deferred growth in accumulation value, which may be used in a variety of ways, including in case of emergencies, opportunities or to supplement one's retirement. These dollars can be taken income-tax advantaged.

Variable interest rate loans

Variable interest rate loans can be more complex and are only available to you after specific policy anniversaries.[4]

- The loan charge rate is determined by movement in Moody's Corporate Bond index, with a minimum of 3 percent. To ensure loan charges do not become unreasonable, there is a cap on the rate charged for variable loans.
- The rate credited to the loan amount is the same as that credited to the policy, and:
  - Can be as high as the cap for an indexed life insurance policy
  - May prove beneficial to you, as the rate credited can be higher than the loan rate charged
  - May not be ideal in economic environments where the amount credited to the policy could be less than the rate charged

Rate charged	Rate credited
The greater of 3% or bond rate based on Moody's Corporate Bond Index	0% minimum up to cap maximum

Indexed loans

Indexed loans work similarly to variable interest rate loans except:

- The loan charge rate is fixed at issue and will not change
- The rate credited to the loan amount is determined by movement of the Indexed Loan Account[5]

Similar to variable interest rate loans, indexed interest rate loans:

- Can have a crediting rate as low as 0 percent or as high as the cap for the tracked index
- May prove beneficial to you, as the crediting rate can be higher than the loan charge rate
- May not be ideal in economic environments where the amount credited to the policy could be less than the rate charged

Rate charged	Rate credited
5%	0% up to rate cap of the tracked index

Short-term loans[6]

Short-term loans are available to clients after the first policy anniversary and interest is not charged if the entire loan is repaid within 90 days. If the entire loan is not paid off within 90 days, a loan interest rate will apply to the outstanding loan balance and the policy loan will be converted to a variable interest rate loan (or a fixed interest rate loan if variable interest rate loans are not available) until the loan is repaid.

Similar to variable interest rate loans, short-term loans:

- Remain in allocated accounts
- The loan is directly tied to performance of your account allocations

Under certain circumstances, variable interest rate and indexed loans can generate additional gain to the policy cash value. However, in some instances, they can be more costly than a fixed loan. You will choose a variable interest rate or indexed loan because you anticipate crediting to be higher than the loan charge rate. You accept the risk that this may not always occur.

Note: Short-term loans are not available on Eclipse Survivor II IUL policies.

Loan flexibility

For some individuals, a variable interest rate or indexed loan can be a good solution when available, but as situations change, you may favor a different loan rate method. We allow you to switch between loan rate methods once a year without paying off the loan balance. This feature gives you flexibility to change as your financial picture or the interest rate environment fluctuates.

Policy must remain in force

It is important to remember that permanent life insurance is maintained in part by the growth in cash value. Withdrawing too much from a life insurance policy could result in a policy lapse. Should this occur, you may experience a taxable event.

1. Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first 15 years of the contract. You should consult your tax advisor when considering taking a policy loan or withdrawal.

2. As long as the policy is not a modified endowment contract. The policy design you choose may impact the tax status of your policy. If you pay too much premium, your policy could become a modified endowment contract (MEC). Distributions and loans from a MEC may be taxable, and if the taxpayer is under the age of 59½ may also be subject to an additional 10 percent penalty tax.

3. A fixed interest rate loan will begin a 12-month lockout period during which no transfers from the fixed account to an indexed and/or balanced indexed account will apply. Not applicable to Securian Life indexed products in the State of New York.

4. For product specific loan guidelines, refer to the product highlights.

5. The Indexed Loan Account is a blended account that tracks the same indexes as Indexed Account E.

6. The short-term loan provision provides for interest waiver if the loan is paid in full within 90 days of the date the loan was taken. In the event the policyholder does not repay the loan in full within 90 days, interest and other policy loan provisions will apply as of the date the loan was taken. Additional restrictions may apply.

Product features and availability may vary by state.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, Index Segment Charge, and Surrender Charge (which we refer to as expense charges). These charges may increase over time, and these policies may contain restrictions, such as surrender periods. Policyholders could lose money in these products.

Depending upon actual policy experience, clients may need to increase premium payments to keep the policy in force.

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Policy form numbers: ICC19-20204, 19-20204 and any state variations; ICC19-20202, 19-20202 and any state variations

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