



# CARDINAL ADVISORS

## Tax Proof your IRA/401k

In our video entitled "Tax Proof your IRA/401K" Hans and Tom use the following document to discuss this aspect of taxes.

TAX PROOF YOUR IRA/401K		Income
SS	AGE 65 MALE \$100,000 LIFE INS - STANDARD PREMIUM WHOLE LIFE W CASH VALUE \$8949/YR FOR 10/YRS (MALE) FEMALE - 5% LESS	<input type="checkbox"/>
MED	WHOLE LIFE NO CASH VALUE \$3539/YR FOR LIFE (MALE) FEMALE - 15% LESS	Estate
LTC	2033-75 \$124,990 = DB \$89,490 - CUMU PREM \$90,916 = CV	<input type="checkbox"/>
401K/IRA	2038-80 \$149,868 = DB \$89,490 - CUMU PREM \$118,370 = CV	Taxes
	2043-85 \$116,955 = DB \$89,490 - CUMU PREM \$149,958 = CV	
	2048-90 \$207,055 = DB \$89,490 - CUMU PREM \$184,783 = CV	
	* 2033-75 \$100,000 = DB \$35,390 - CUMU PREM ∅ = CV	
	* 2038-80 \$100,000 = DB \$53,085 - CUMU PREM ∅ = CV	
	* 2043-85 \$100,000 = DB \$70,780 CUMU PREM ∅ = CV	
	* 2048-90 \$100,000 = DB \$88,475 - CUMU PREM ∅ = CV	
	- PREMIUMS PAID FROM IRA WITHDRAWALS (TAX WITHHOLDING)	
	- PREFERRED AND PREFERRED PLUS, LOWER PREMIUMS	
	- CHRONIC + CRITICAL ILLNESS BENEFIT	
	- ACCESS CASH VALUE THROUGH TAX FREE POLICY LOANS	

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Information provided is not intended as tax or legal advice and should not be relied on as such. You are encouraged to seek tax or legal advice from an independent professional.

This example is for illustrative purposes only and does not take into account your particular investment objectives, financial situation or needs and may not be suitable for all investors. It is not intended to project the performance of any specific investment and is not a solicitation or recommendation of any investment strategy.

Nov 2023

## Policy Summary

Guaranteed Whole Life II



Prepared For:

**Show Note**

Prepared By:

**Hans Scheil**

**October 16, 2023**



## Guaranteed Whole Life II

Guaranteed Whole Life II provides guaranteed death benefit protection and cash value accumulation for the insured's lifetime.

### Guaranteed Whole Life II offers:

- Guaranteed lifetime death benefit
- Guaranteed premiums based on the Policy Payment Period
- Predictable cash value growth without market risk - plus the ability to access cash value for any reason
- An opportunity to build additional cash value through non-guaranteed dividends

For details about the optional riders you have selected, see the Policy Overview section of this illustration.

## The Strength of Your Cash Value and Death Benefit

Guaranteed Whole Life II is an attractive permanent life insurance option because of its guaranteed cash value growth, guaranteed death benefit and guaranteed level premiums. As an added benefit it offers additional growth potential through non-guaranteed dividends.

The chart below shows the values and benefits provided by your policy. The internal rate of return (IRR) shown represents the rate of return you would have to earn on your premium outlay in order to equal the corresponding values.

<b>Product:</b>	Guaranteed Whole Life II	<b>Initial Premium:</b>	\$8,949.00
<b>Insured:</b>	Show Note	<b>Initial Face Amount:</b>	\$100,000
	Male, Age 65	<b>Policy Payment Period:</b>	10 Years
	Standard Non-Tobacco	<b>Dividend Scale:</b>	Current
		<b>Initial Dividend Option:</b>	PUAs

### Non-Guaranteed Values<sup>1</sup>

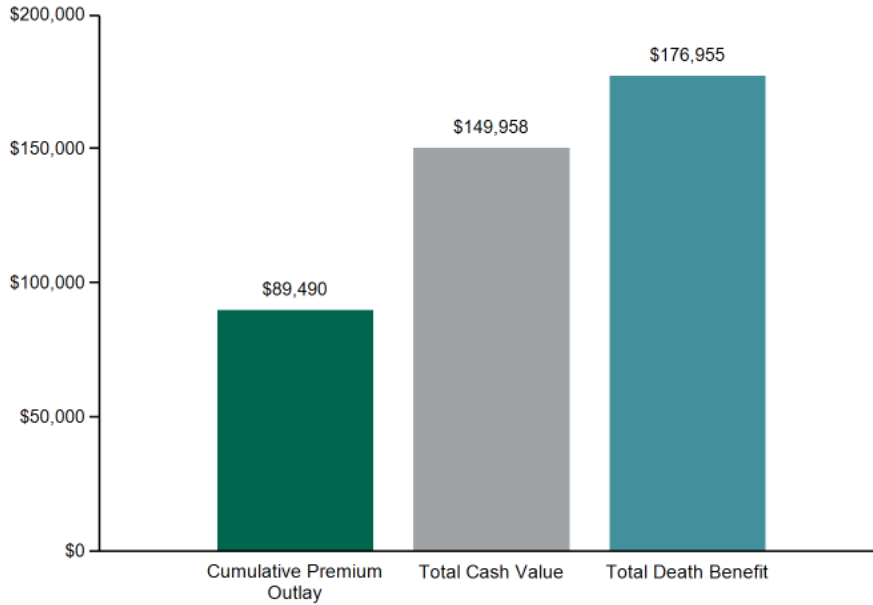
Year	Age	Cumulative Premium Outlay	Cumulative Income	Total Net Cash Value	IRR on Total Net Cash Value	Total Net Death Benefit	IRR on Total Net Death Benefit
1	66	\$8,949	\$0	\$1,259	-85.93%	\$100,000	1017.44%
5	70	\$44,745	\$0	\$34,014	-9.01%	\$104,787	29.85%
10	75	\$89,490	\$0	\$90,916	0.29%	\$124,990	5.99%
15	80	\$89,490	\$0	\$118,370	2.67%	\$149,868	4.94%
20	85	\$89,490	\$0	\$149,958	3.36%	\$176,955	4.44%
25	90	\$89,490	\$0	\$184,783	3.57%	\$207,055	4.14%
30	95	\$89,490	\$0	\$221,966	3.61%	\$241,043	3.94%
35	100	\$89,490	\$0	\$263,740	3.59%	\$279,787	3.79%
40	105	\$89,490	\$0	\$309,769	3.55%	\$323,864	3.67%
45	110	\$89,490	\$0	\$362,136	3.50%	\$374,056	3.58%
50	115	\$89,490	\$0	\$422,146	3.46%	\$431,683	3.51%
55	120	\$89,490	\$0	\$490,986	3.42%	\$498,070	3.45%

<sup>1</sup>Must be accompanied by or preceded by a full basic life insurance illustration. The assumed benefits and values are not guaranteed. The assumptions on which they are based are subject to change by the insurer, and actual results may be more or less favorable. Refer to the basic illustration for guaranteed elements and other important information.

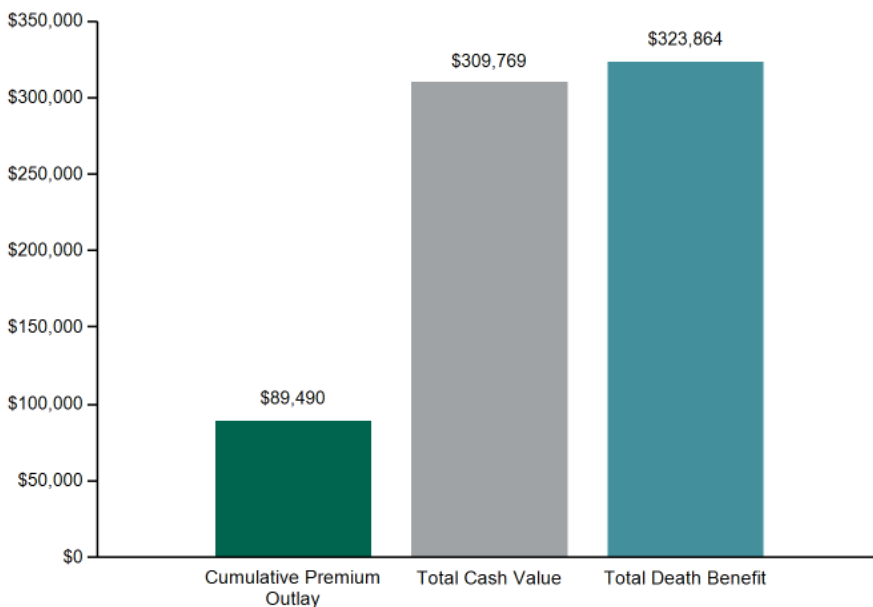
## Summary of Your Illustrated Values

The bar graphs below show the non-guaranteed illustrated values<sup>1</sup> at different points of time during the life of your illustrated policy. Please see the Ledger section of your Guaranteed Whole Life II illustration for more details.

### Non-Guaranteed Values at Year 20 (Age 85)



### Non-Guaranteed Values at Year 40 (Age 105)



<sup>1</sup> Must be accompanied by or preceded by a full basic life insurance illustration. The assumed benefits and values are not guaranteed. The assumptions on which they are based are subject to change by the insurer, and actual results may be more or less favorable. Refer to the basic illustration for guaranteed elements and other important information.

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## About The Penn Mutual Life Insurance Company

For more than 175 years, Penn Mutual has been helping people get stronger. Our expertly crafted life insurance is vital to long-term financial health and strengthens people's ability to enjoy every day. Working with our trusted network of financial professionals, we take the long view, building customized solutions for individuals, their families, and their businesses. Penn Mutual supports its financial professionals with retirement and investment services through its wholly owned subsidiary Horner, Townsend & Kent, LLC, member FINRA/SIPC.

**Visit Penn Mutual at [www.pennmutual.com](http://www.pennmutual.com).**

All guarantees are based on the claims paying ability of the issuing company. Guaranteed Whole Life II is a whole life insurance policy offered by The Penn Mutual Life Insurance Company. Product or features may not be available in all states. Guaranteed Whole Life II policy form numbers: ICC18-TL. (Policy form numbers may vary by state.)

**This concept report is not valid without a full basic illustration for the life insurance policy described. Refer to the basic illustration for guaranteed elements and other important information. Not valid without all pages included.**

Any reference to the taxation of life insurance products in this material is based on the issuing company's understanding of current tax laws. The issuing company and its representatives do not provide tax or legal advice. Please consult a qualified tax professional regarding your personal situation.

Accessing cash values may require additional premium payments to maintain coverage, and will reduce the death benefit and policy values.

For more information on coverage, please contact your Financial Professional.

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# Guaranteed Whole Life II



## The Penn Mutual Life Insurance Company

### Life Insurance Illustration

Prepared For:  
**Show Note - Owner/Insured**

Prepared By:  
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9195358261

**October 16, 2023**

#### Table of Contents

Introduction . . . . .	2
Policy Overview . . . . .	3
Definitions . . . . .	11
Signature Page . . . . .	13
Basic Ledger . . . . .	14
Supplemental Ledger (Cur) . . . . .	16
Supplemental Ledger (Alt) . . . . .	18



### Insured: **Show Note**

Male, Age 65, Standard Non-Tobacco  
Contract Premium Mode: Annual  
Policy Payment Period: 10 Years  
Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

## Introduction

### About Penn Mutual

At Penn Mutual we are committed to helping families & businesses unlock the possibilities of life through our life insurance and annuity solutions.

Since 1847, we have consistently met our financial obligations to policyholders. We are committed to the brighter futures and best interests of all of our policyholders.

### About Guaranteed Whole Life II

Guaranteed Whole Life II is permanent life insurance that offers:

- A guaranteed death benefit to protect your loved ones
- Consistent premiums to support your personal budgeting
- Access to guaranteed cash value when you need it
- An opportunity to build additional cash value through non-guaranteed dividends.

Accessing cash value will reduce your policy death benefit and values, may result in certain fees and charges and may require additional premium payments to maintain coverage.

### Introduction to Your Illustration

This illustration provides an overview of Guaranteed Whole Life II, including the base life insurance policy, selected riders and examples of how the policy may perform, given the assumptions outlined in this illustration.

This illustration assumes that the currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur, and actual results may be more or less favorable than those shown.

**All guarantees are based on the claims paying ability of the issuing company.**

### Insured: **Show Note**

Male, Age 65, Standard Non-Tobacco  
Contract Premium Mode: Annual  
Policy Payment Period: 10 Years  
Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

## Policy Overview

### Insured **Show Note**

The person whose life is covered by this illustration.

### Policy Owner **Show Note**

The owner(s) described in this illustration. This illustration assumes the policy is owned by the insured.

### Issue State North Carolina

The illustration is subject to the regulations and requirements of this state.

### Assumed Policy Date October 16, 2023

The values and assumptions shown are based on the date this illustration was prepared. The values of your policy may vary depending on your actual policy date, which is the date your policy becomes effective.

### Guaranteed Whole Life II Policy Payment Period: 10 Years Initial Base Face Amount: \$100,000

Your Guaranteed Whole Life II Policy has:

- A Policy Payment Period of 10 years which is set at policy issue
- Guaranteed premiums based on the Policy Payment Period
- Guaranteed death benefit and cash value accumulation until the insured reaches age 121
- An opportunity to increase the cash value and death benefit with non-guaranteed dividends.

### Death Benefit (DB)

This is the benefit payable at the death of the insured. It includes the base coverage amount plus any additional death benefits from dividends or from supplemental riders.

Any death benefit paid at the death of the insured will be reduced by any loans or PUA/dividend surrenders taken from your policy.

### Riders

The following illustrated riders are subject to underwriting which may affect their availability or the coverage amount, and are subject to limitations and exclusions which are not set forth below. Riders on conversions from term policies and term riders are also subject to underwriting, as well as limitations and exclusions not set forth below.

Your illustration may show additional benefits or riders terminating before natural expiry, as defined in the policy. Terminating benefits or riders early may not be automatic and must be elected by contacting Penn Mutual.

### Insured: **Show Note**

Male, Age 65, Standard Non-Tobacco  
Contract Premium Mode: Annual  
Policy Payment Period: 10 Years  
Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

### **Accelerated Death Benefit Rider for Terminal Condition** Rider Form: ICC17-ACDB

This benefit allows you to access a portion of the death benefit when a licensed physician certifies that the insured has been diagnosed with a terminal condition resulting in a life expectancy of 12 months or less.

- This benefit is automatically included with your policy and there is only a cost for this benefit when it is used.
- Accelerated death benefit payments will reduce your death benefit and policy value.
- The unadjusted payment amount is expressed as a "Requested Percentage" of the eligible amount, as defined in the policy. The amount accessed must be at least \$10,000, but no more than 50% of the eligible amount with an overall maximum of \$250,000 per policy on the life of the insured.
- The amount of the claim actually received will include the following reductions:
  - Premium payments that would have been paid during the 12 months following the benefit payment date.
  - A loan repayment equal to the Requested Percentage times any outstanding loan balance.
  - A 12-month interest rate discount using a rate guaranteed to be no greater than the ninety-day treasury bill or the current maximum statutory adjustable policy loan interest rate.
- Accelerated death benefits are usually income tax-free. Please consult a personal tax professional prior to receiving any accelerated benefit payments.
- The accelerated Death Benefit payment is intended to qualify for favorable tax treatment under section 101(g) of the Federal Internal Revenue Code. Exercising this benefit could be a taxable event so assistance and advice should be obtained from a personal tax professional prior to receipt of any prepayments.
- **The Accelerated Death Benefit Rider is a life insurance benefit that also gives you the option to accelerate some of the death benefit in the event that the Insured meets the criteria for a qualifying event described in the policy. This rider is not a long-term care policy or nursing home insurance policy.**
- An Accelerated Death Benefit Payment is the actual benefit paid by the Accelerated Death Benefit Rider if eligible and will be paid in a lump sum only once per policy. The benefits provided by long-term care insurance are not the same as those provided by the Accelerated Death Benefit Rider. The Accelerated Death Benefit Rider requires that the Insured has a non-correctable terminal condition that results in the Insured's having a remaining life expectancy of twelve months or less, whereas long-term care insurance typically requires an inability to do two of six Activities of Daily Living or Severe Cognitive Impairment. The Rider also does not restrict how the policy owner can use the Accelerated Benefit Payments, whereas long-term care insurance will generally require proof of expenses incurred.

### **Hypothetical Example of Accelerated Death Benefit Payment**

*This example of the Accelerated Death Benefit is hypothetical and reflects the assumptions used in this Life Insurance illustration. It assumes that the owner has provided due proof that the insured has a non-correctable terminal illness and is diagnosed with a life expectancy of less than 12 months and has requested a 50% prepayment of the policy's death benefit as of the beginning of policy year 10. This example also assumes that any premiums due have been paid. Benefits and values are not guaranteed and actual results may be more or less favorable.*

### Insured: **Show Note**

Male, Age 65, Standard Non-Tobacco  
 Contract Premium Mode: Annual  
 Policy Payment Period: 10 Years  
 Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

### Accelerated Death Benefit Rider for Terminal Condition (continued)

**Insured: Male; Underwriting Class: Standard Non-Tobacco; Age 65 at Issue; Age 74 at Payout; Requested Accelerated Death Benefit - 50% of Maximum Amount: \$120,327 Accelerated Benefit Payment after discounting adjustment: \$52,444.54; Current Accelerated Death Benefit Interest Rate: 5.70%. The actual rate will be determined on the date of application for the ABP.**

	Immediately Before Acceleration	Immediately After Acceleration
<b>Annualized Premium:</b>	8,949	4,475
<b>Total Cash Value:</b>	78,449	39,225
<b>Face Amount:</b>	100,000	50,000
<b>Total Death Benefit:</b>	120,327	60,163

### Chronic Illness Accelerated Benefit Rider Rider Form: ICC15-ABCI

This rider enables the policy owner to access a portion of the policy death benefit as an Accelerated Benefit Payment (ABP) if the insured becomes chronically ill.

- This benefit is automatically included with eligible policies. Issue of this rider is subject to underwriting approval.
- There is no charge for this rider, but there is an impact to the death benefit and cash value when it is used.
- A licensed health care practitioner, not related to the insured or policy owner, must provide a certification prepared within the last 12 months that the insured has a chronic illness. Specifically, a condition is considered a chronic illness when, for a period of at least 90 consecutive days, the insured:
  - Is unable to perform at least two of the following daily activities: bathing, transferring, dressing, eating, continence and toileting or
  - Requires substantial supervision by another person to avoid injury or harm due to severe cognitive impairment
- The licensed health care practitioner must also certify that the continuous care in an eligible facility or at home is expected to be required for the remainder of the insured's life when the insured has a Chronic Illness.
- **The Chronic Illness Accelerated Benefit Rider is a life insurance benefit that also gives you the option to accelerate some of the death benefit in the event that the Insured meets the criteria for a qualifying event described in the policy. This rider is not a long-term care policy or nursing home insurance policy.**

### Insured: **Show Note**

Male, Age 65, Standard Non-Tobacco  
Contract Premium Mode: Annual  
Policy Payment Period: 10 Years  
Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

### Chronic Illness Accelerated Benefit Rider (continued)

#### Accelerated Benefit Payment (ABP)

- May be requested as a Lump Sum or series of equal payments paid semi-annually, quarterly, or monthly. The ABP will continue to be paid as long as the insured remains eligible and there is remaining death benefit to be accelerated; certification from a licensed health care practitioner must be submitted and reapproved by Penn Mutual every 12 months.
- Minimum: \$4,800 per 12-month period
- Maximum: Lesser of 24% of the Death Benefit on the date of initial election, or \$240,000 per 12-month period, or the Per Diem Limitation. The Per Diem Limitation is declared each calendar year by the IRS - \$420 per day the insured is chronically ill for 2023. This illustration assumes a calendar year of 365 days.
- The ABP cannot be less than the reduction in the cash value less any outstanding policy loans.
- The ABP cannot cause the remaining death benefit to be less than \$50,000.
- The ABP is intended to qualify for favorable tax treatment under section 101(g). An ABP will only be paid if, to the best knowledge of Penn Mutual, such payment qualifies for favorable tax treatment under IRC Section 101(g) and all other applicable sections of the federal law at the time this benefit is elected. Other ABP type payments from other insurance policies or other qualified long term care services will be considered in making this determination. In any event, any ABP payments received from this or another insurance policy that exceed the IRC annual limit may be taxable. Please consult a qualified tax professional regarding your own personal situation.
- An Accelerated Benefit Payment is the actual benefit paid by the Chronic Illness Accelerated Benefit Rider and is subject to the Accelerated Benefit Payment limits in the contract. The benefits provided by long-term care insurance are not the same as those provided by the Chronic Illness Accelerated Benefit Rider. The Chronic Illness Accelerated Benefit Rider requires a licensed health care practitioner to certify that continuous care in an eligible facility or at home is expected to be required for the remainder of the insured's life when the insured has a Chronic Illness, whereas long-term care insurance does not generally have this requirement. The Rider does not restrict how the policy owner can use the Accelerated Benefit Payments, whereas long-term care insurance will generally require proof of expenses incurred.

#### How ABP can Affect Policy Values and Death Benefits

- Using this benefit will reduce policy cash values and death benefits.
- The reduction in the policy death benefit will be greater than the amount of the ABP.
- The amount of the claim actually received will be reduced by a loan repayment based on a proportional amount of any outstanding loan balance.
- There may be an impact on other policy and rider provisions due to the payment of this accelerated benefit.
- The Accelerated Benefit Interest Rate is guaranteed not to exceed the greater of the current yield on the ninety-day Treasury bill available on the date of application for the ABP, the Moody's Corporate Bond Yield Average, and the minimum interest rate used to calculate policy values plus 1%.

### Insured: **Show Note**

Male, Age 65, Standard Non-Tobacco  
 Contract Premium Mode: Annual  
 Policy Payment Period: 10 Years  
 Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

### Chronic Illness Accelerated Benefit Rider (continued)

Due to the rule that the ABP cannot be less than the reduction in the cash value less outstanding policy loans, the ABP amount is not available. Other options may be a partial surrender or loan.

### Overloan Protection Benefit Rider Rider Form: OPB-TL-17-NC

This rider keeps your policy in force despite outstanding loans.

- There is no charge for this rider at issue or when the benefit goes into effect.
- It remains intact as a paid-up policy if an outstanding loan exceeds 99% of the cash value.
- If this benefit goes into effect, the policy will become paid-up life insurance.
- The amount of the paid-up insurance is the amount provided by the sum of the Tabular Cash Value, Dividend Credits and the value of Paid-Up Additions when applied as a net single premium at the attained age of the Insured, at the time the benefit goes into effect. The new Death Benefit will be equal to this amount of paid-up insurance, less Policy Debt.
- When the policy becomes a paid-up policy:
  - Dividend option automatically changes to paid-up additions, unless owner selects the cash option.
  - All supplemental riders will be terminated.
  - No further premium payments or policy loans will be allowed.
  - No further changes can be made to the policy.
- For the rider to take effect the insured must be at least 75 years old and the policy must be in effect for at least 15 years.

Neither the IRS nor the courts have ruled on the tax consequences of exercising the Overloan Protection Benefit Rider. It is possible that the IRS or a court could assert that the policy has been effectively terminated and that the outstanding loan balance should be treated as a distribution, all or a portion of which could be taxable when the rider is exercised. In addition, this Overloan Protection Benefit Rider may not be appropriate for your particular circumstances. Consult with a tax professional regarding the risks associated with exercising this rider.

### Contract Premium Mode: Annual

This is the premium due based on the frequency of premium payments (mode) illustrated during the policy year for the base policy and any illustrated riders. Premiums are assumed to be paid at the beginning of the period to which they apply.

### Policy Payment Period: 10 Years

The Policy Payment Period is selected at issue and for this illustrated policy is 10 Years. At the end of the 10 years the policy will be paid-up and no additional premiums will be due.

Illustrated Coverage	Face Amount	Annual Premium	Semi-Annual Premium	Quarterly Premium	Monthly Premium
Whole Life (Base)	\$100,000	\$8,949.00	\$4,572.94	\$2,335.69	\$778.56
Accelerated Death Benefit		N/A	N/A	N/A	N/A
Chronic Illness Rider		N/A	N/A	N/A	N/A
Overloan Protection Rider		N/A	N/A	N/A	N/A
<b>Total Annualized Amount:</b>		<b>\$8,949.00</b>	<b>\$9,145.88</b>	<b>\$9,342.76</b>	<b>\$9,342.72</b>

### Insured: **Show Note**

Male, Age 65, Standard Non-Tobacco  
Contract Premium Mode: Annual  
Policy Payment Period: 10 Years  
Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

### Underwriting Class Standard Non-Tobacco

The insured's underwriting class is based on factors such as overall health history, occupation and activities that involve risk. This illustration assumes the insured is Standard Non-Tobacco. The actual payments will depend on the outcome of the underwriting process and may vary from what is illustrated here.

### Dividends

Dividends awarded from the company surplus may be paid based on the company's claim, expense, and investment return experience. Dividends are paid at the end of the policy year. They are not guaranteed, and are subject to change by Penn Mutual.

### Dividend Options

Initial: Paid-Up Additions (PUAs)

You may choose from several dividend options, and in some situations you may choose to have any excess dividends allotted to another indicated option:

- **Paid-up Additions (PUAs):** Purchases paid-up whole life insurance
- **Premium Reduction:** Reduces any premium due in the next payment period
- **Cash:** Paid in cash
- **Dividend Accumulations:** Earns interest at a rate determined by Penn Mutual
- **Term Insurance:** Purchases one-year term insurance equal to the guaranteed cash value or the amount that can be purchased with the dividend if less
- **Loan Repayment:** Used to repay any existing policy loans

### Accessing Your Cash Value

You can access the policy cash value you have accumulated for any reason. Your policy allows two options for accessing your cash value:

**Policy Loans:** You can take a loan against the policy.

- Loans will bear interest at an adjustable loan interest rate set by Penn Mutual as of the first day of each calendar year.
- Loan interest is due and payable at the end of each policy year.
- If the loan interest is not paid when due, it will be added to the loan balance.
- An unpaid loan balance may cause the policy to lapse.
- The current loan interest rate is 5.70%.

**PUA/Dividend Surrenders:** You can take PUA/dividend surrenders from your policy as long as your policy has PUA/dividend value.

Policy loans and PUA/dividend surrenders will reduce your values and benefits and are not reflected in the Basic Ledger. Dividends will also be affected by any outstanding loans. The effects of these types of distributions can be seen on the Supplemental Ledgers.

### Non-forfeiture Options

In the event of a lapse (premium is not paid), you may surrender this policy for its Net Cash Value or keep it in force under one of the following non-forfeiture options:

### Insured: **Show Note**

Male, Age 65, Standard Non-Tobacco  
Contract Premium Mode: Annual  
Policy Payment Period: 10 Years  
Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

### Non-forfeiture Options (continued)

#### Extended Term Insurance:

- This option is only available if the premium underwriting class is Standard or better.
- The extended term insurance amount is equal to the Base Face Amount plus any Paid-Up Additions and Dividend Credits\* minus any outstanding policy loan.
- The term insurance will continue for the period provided by the Net Cash Value when applied as a net single premium at the attained age of the insured on the due date of the unpaid premium.
- Extended term insurance has no loan value, but may be surrendered for its Net Cash Value.

#### Reduced Paid-Up Whole Life Insurance:

- If there is no outstanding policy loan, the reduced paid-up whole life insurance amount is equal to the amount which can be purchased by the total of the Guaranteed Cash Value and Dividend Credits\* when applied as a net single premium at the attained age of the insured on the due date of the unpaid premium. Any existing Paid-Up Additions (from dividends or premiums) would be added to this result for the total reduced Paid-Up Whole Life Insurance Amount.
- If there is an outstanding policy loan, the loan is first allocated proportionately between the Guaranteed Cash Value plus any Dividend Credits\*, and any Paid-Up Additions cash value. The Guaranteed Cash Value plus dividend credits less its allocated share of the loan will be applied as a net single premium at the attained age of the insured on the due date of the unpaid premium. And if there is Paid-Up Additions cash value, its cash value less its allocated share of the loan will be applied as a net single premium at the attained age of the insured on the due date of the unpaid premium to purchase the remaining Paid-Up Whole Life Insurance Amount. Both paid-up amounts will be added together for the total reduced Paid-Up Whole Life Insurance Amount. The outstanding policy loan will be extinguished.
- The policy will continue to earn dividends on the reduced paid-up amount, and remains eligible for loans and PUA/dividend surrenders.

#### \*Dividend Credits are:

- Dividend Accumulations, including accrued interest;
- Any dividend applied under the Premium Reduction dividend option which has not been used because of the death of the insured or because of lapse or surrender of this policy; and
- Any dividend at death.

### Important Tax Information

Any references to the taxation of life insurance products in this illustration are based on Penn Mutual's understanding of current tax laws as of the date of the illustration. Please be certain to consult a qualified tax professional regarding your own personal situation.



### Insured: **Show Note**

Male, Age 65, Standard Non-Tobacco  
Contract Premium Mode: Annual  
Policy Payment Period: 10 Years  
Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

### 7-Pay Premium

Initial: \$9,468.10

In order to receive favorable tax treatment of distributions such as policy loans or PUA/dividend surrenders, a life insurance policy must satisfy the '7-Pay' Premium Test.

- Life insurance policy premiums must be within certain limits during the first 7 years of the policy and for the first 7 years after certain policy changes or conditions occur.
- A policy that does not meet the qualifications of this test is referred to as a Modified Endowment Contract (MEC).
- Your initial '7-Pay' premium is \$9,468.10. The '7-Pay' Premium used in this test may be adjusted under certain circumstances over the lifetime of the policy.

### Taxation of Distributions

In general, the accumulated value of a life insurance policy is tax deferred but may be subject to taxation at the time of a full surrender or dividend surrender.

If your policy is not a Modified Endowment Contract (MEC):

- The tax treatment of any death benefit provided under the contract will qualify for income tax free treatment.
- PUA/Dividend surrenders during the first 15 policy years are subject to additional rules and may be taxable.
- If your policy has an outstanding loan balance and your policy terminates, the loan balance may be taxable.

If your policy is a MEC:

- The tax treatment of any death benefit provided under the contract will still qualify for income tax free treatment.
- You may be subject to additional taxes and penalties on any distributions from your policy during the life of the insured.
- Policy distributions, including loans to capitalize loan interest, will be taxed on a 'gain first' basis and any taken prior to age 59 ½ may be assessed a 10% penalty.

Please refer to the footnotes at the end of each Ledger page for the MEC status.

### Illustrated Tax Bracket

28.00%

The owner's tax bracket used in this illustration is 28.00%.

### Penn Mutual's Address

The Penn Mutual Life Insurance Company  
Philadelphia, PA 19172

**WE APPRECIATE THE TRUST THAT YOU ARE PLACING WITH PENN MUTUAL FOR YOUR LIFE INSURANCE NEEDS.**

**All guarantees are based on the claims paying ability of the issuing company.**

**Insured: Show Note**

Male, Age 65, Standard Non-Tobacco  
Contract Premium Mode: Annual  
Policy Payment Period: 10 Years  
Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

## Definitions

### Column Headings

<b>Age</b>	The insured's attained age as of the end of the policy year.
<b>Cash Value (Guaranteed)</b>	The amount of cash value guaranteed by the policy as long as there are no outstanding policy loans.
<b>Change in CV Less Prem. Outlay</b>	The change in the total cash value amount since the end of the previous policy year minus the premium outlay for that policy year.
<b>Change in Total Cash Value</b>	The change in the total cash value amount since the end of the previous policy year.
<b>Contract Premium</b>	The amount of premium to be paid during the policy year for the base policy and any illustrated riders.
<b>Cum. Premium Outlay</b>	The contract premiums less any dividends used to reduce the premium, PUA/ dividend surrenders used to pay premiums, and/or loans used to pay premiums accumulated through the end of the policy year.
<b>Death Benefit (Guaranteed)</b>	The guaranteed base policy death benefit that will be paid out to the beneficiary as long as there are no outstanding policy loans.
<b>Dividend</b>	The annual dividend payable at the end of the policy year on the base policy and any dividend from paid-up additional insurance.
<b>Increase In Total Cash Value (Guaranteed)</b>	The increase in the guaranteed total policy cash value since the end of the previous policy year.
<b>Increase In Total Cash Value (Non-Guaranteed)</b>	The increase in the non-guaranteed total policy cash value since the end of the previous policy year.
<b>Premium Outlay</b>	The contract premiums less any dividends used to reduce the premium, PUA/ dividend surrenders used to pay premiums, and/or loans used to pay premiums.
<b>Total Cash Value (Guaranteed)</b>	The sum of the guaranteed base policy cash value, assuming no outstanding policy loan balance.
<b>Total Cash Value (Non-Guaranteed)</b>	The guaranteed cash value of the base policy as well as any non-guaranteed cash value resulting from the illustrated dividend option and dividend scale, assuming no outstanding policy loans. The non-guaranteed total cash value is illustrated as of the end of the policy year and includes the dividend awarded in the policy year, but not yet applied.
<b>Total Death Benefit (Guaranteed)</b>	The guaranteed base policy death benefit assuming no dividends or policy loans.

**Insured: Show Note**

Male, Age 65, Standard Non-Tobacco  
Contract Premium Mode: Annual  
Policy Payment Period: 10 Years  
Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

**Total Death Benefit  
(Non-Guaranteed)**

The sum of the guaranteed base policy death benefit, plus the death benefit resulting from the illustrated dividend option and dividend scale, assuming no outstanding policy loans. The Total Death Benefit column illustrates the death benefit as of the end of the policy year and includes the dividend awarded in the policy year but not yet applied.

**Year**

The initial policy year begins on the policy date and subsequent policy years begin on the policy's anniversary date.

**Insured: Show Note**

Male, Age 65, Standard Non-Tobacco  
 Contract Premium Mode: Annual  
 Policy Payment Period: 10 Years  
 Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

## Policy Value Summary

### Values

**Guaranteed**

Values are guaranteed and assume no dividends.

**Non-Guaranteed Mid-Point**

Values are not guaranteed and assume dividends are paid at 50% of the current scale.

**Non-Guaranteed Current**

Values are not guaranteed and assume dividends are paid at the current scale.

Year	Age	Annual Premium	Cumulative Premium	Guaranteed		Non-Guaranteed Mid-Point		Non-Guaranteed Current	
				Cash Value	Death Benefit	Cash Value	Death Benefit	Cash Value	Death Benefit
5	70	8,949	44,745	30,232	100,000	32,103	102,371	34,014	104,787
10	75	8,949	89,490	71,983	100,000	81,051	111,989	90,916	124,990
20	85	0	89,490	84,328	100,000	113,302	134,015	149,958	176,955

This illustration assumes that the currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur, and actual results may be more or less favorable than those shown.

Policy Loans and PUA/Dividend Surrenders will reduce your values and benefits, and are not reflected in this illustration. The effects of these types of distributions can be seen on the Supplemental Ledger.

This illustration assumes a Policy Payment Period of 10 years. Once selected, this will remain unchanged through the life of the policy.

**I have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to change and could be either higher or lower. The agent has told me they are not guaranteed.**

**All guarantees are based on the claims paying ability of the issuing company.**

\_\_\_\_\_  
 Signature of Policy Owner

\_\_\_\_\_  
 Date

**I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration.**

\_\_\_\_\_  
 Signature of Agent

\_\_\_\_\_  
 Date

**Insured: Show Note**

Male, Age 65, Standard Non-Tobacco  
 Contract Premium Mode: Annual  
 Policy Payment Period: 10 Years  
 Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

## Basic Ledger

### Values

**Guaranteed: No Dividends**

Values are based on the guarantees in your policy and assume no dividends.

**Non-Guaranteed: Current Scale**

*Benefits and values are subject to change by Penn Mutual and are not guaranteed, actual results may be more or less favorable.*

Values are based on the guarantees in your policy, as well as any non-guaranteed dividends paid at the current scale.

Year	Age	Guaranteed				Non-Guaranteed			
		Base Contract Premium	Total Cash Value	Increase In Total Cash Value	Total Death Benefit	Dividend	Total Cash Value	Increase In Total Cash Value	Total Death Benefit
1	66	8,949	1,259	1,259	100,000	0	1,259	1,259	100,000
2	67	8,949	7,809	6,550	100,000	0	7,809	6,550	100,000
3	68	8,949	14,663	6,854	100,000	678	15,341	7,532	100,678
4	69	8,949	22,155	7,492	100,000	1,155	24,003	8,662	102,239
5	70	8,949	30,232	8,077	100,000	1,895	34,014	10,011	104,787
6	71	8,949	38,751	8,519	100,000	2,307	44,918	10,904	108,102
7	72	8,949	46,603	7,852	100,000	2,605	55,501	10,583	111,864
8	73	8,949	54,731	8,128	100,000	2,857	66,663	11,162	115,950
9	74	8,949	63,174	8,443	100,000	3,112	78,449	11,786	120,327
10	75	8,949	71,983	8,809	100,000	3,371	90,916	12,467	124,990
11	76	0	73,295	1,312	100,000	3,489	96,062	5,146	129,791
12	77	0	74,592	1,297	100,000	3,615	101,377	5,315	134,678
13	78	0	75,876	1,284	100,000	3,743	106,866	5,488	139,652
14	79	0	77,148	1,272	100,000	3,873	112,530	5,665	144,715
15	80	0	78,406	1,258	100,000	4,005	118,370	5,840	149,868
16	81	0	79,646	1,240	100,000	4,136	124,378	6,008	155,107
17	82	0	80,863	1,217	100,000	4,267	130,546	6,168	160,431
18	83	0	82,058	1,195	100,000	4,401	136,876	6,330	165,842
19	84	0	83,215	1,157	100,000	4,541	143,347	6,471	171,344
20	85	0	84,328	1,113	100,000	4,695	149,958	6,612	176,955
21	86	0	85,388	1,060	100,000	4,864	156,707	6,749	182,691
22	87	0	86,386	998	100,000	5,039	163,578	6,871	188,563
23	88	0	87,316	930	100,000	5,218	170,557	6,979	194,575
24	89	0	88,169	853	100,000	5,404	177,627	7,070	200,737
25	90	0	88,945	776	100,000	5,593	184,783	7,156	207,055
26	91	0	89,645	700	100,000	5,760	191,998	7,215	213,510
27	92	0	90,276	631	100,000	5,944	199,293	7,295	220,119
28	93	0	90,847	571	100,000	6,146	206,700	7,407	226,906
29	94	0	91,369	522	100,000	6,354	214,241	7,542	233,879
30	95	0	91,864	495	100,000	6,564	221,966	7,724	241,043

**Insured: Show Note**

Male, Age 65, Standard Non-Tobacco  
 Contract Premium Mode: Annual  
 Policy Payment Period: 10 Years  
 Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

Year	Age	Base Contract Premium	Guaranteed			Non-Guaranteed			
			Total Cash Value	Increase In Total Cash Value	Total Death Benefit	Dividend	Total Cash Value	Increase In Total Cash Value	Total Death Benefit
31	96	0	92,364	500	100,000	6,775	229,948	7,982	248,398
32	97	0	92,841	477	100,000	6,984	238,121	8,173	255,943
33	98	0	93,295	454	100,000	7,200	246,485	8,364	263,682
34	99	0	93,718	423	100,000	7,428	255,030	8,545	271,627
35	100	0	94,103	385	100,000	7,662	263,740	8,710	279,787
36	101	0	94,445	342	100,000	7,889	272,587	8,847	288,156
37	102	0	94,755	310	100,000	8,121	281,603	9,016	296,741
38	103	0	95,036	281	100,000	8,358	290,795	9,193	305,548
39	104	0	95,290	254	100,000	8,602	300,175	9,380	314,587
40	105	0	95,526	236	100,000	8,852	309,769	9,594	323,864
41	106	0	95,757	231	100,000	9,109	319,627	9,857	333,387
42	107	0	96,013	256	100,000	9,372	329,855	10,228	343,163
43	108	0	96,260	247	100,000	9,643	340,346	10,490	353,195
44	109	0	96,497	237	100,000	9,920	351,103	10,758	363,490
45	110	0	96,724	227	100,000	10,205	362,136	11,032	374,056
46	111	0	96,942	218	100,000	10,498	373,450	11,314	384,899
47	112	0	97,151	209	100,000	10,903	385,159	11,709	396,133
48	113	0	97,352	201	100,000	11,218	397,173	12,014	407,671
49	114	0	97,544	192	100,000	11,542	409,499	12,326	419,519
50	115	0	97,728	184	100,000	11,874	422,146	12,647	431,683
51	116	0	97,904	176	100,000	12,215	435,122	12,977	444,175
52	117	0	98,073	169	100,000	12,566	448,438	13,316	457,002
53	118	0	98,234	161	100,000	12,926	462,101	13,663	470,175
54	119	0	98,389	155	100,000	13,425	476,253	14,152	483,832
55	120	0	98,537	148	100,000	14,018	490,986	14,733	498,070
56	121	0	100,000	1,463	100,000	14,430	512,708	21,722	512,708

The non-guaranteed values illustrated avoid Modified Endowment Contract (MEC) status. Please see Important Tax Information in the Policy Overview section of this illustration for additional information.

**Insured: Show Note**

Male, Age 65, Standard Non-Tobacco  
 Contract Premium Mode: Annual  
 Policy Payment Period: 10 Years  
 Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

## Supplemental Ledger - Current Dividend Scale

### Values

**Current Dividend Scale**  
*Refer back to the basic illustration for guaranteed elements and other important information.*

Values are based on the guarantees in your policy, as well as any non-guaranteed dividends paid at the current scale. This supplemental ledger will also reflect PUA/dividend surrenders and policy loans, if illustrated.

*Benefits and values are subject to change by Penn Mutual and are not guaranteed, actual results may be more or less favorable.*

### Non-Guaranteed

Year	Age	Total Premium	Dividend	Premium Outlay	Cum. Premium Outlay	Total Cash Value	Change in Total Cash Value	Change in CV Less Prem. Outlay	Total Death Benefit
1	66	8,949	0	8,949	8,949	1,259	1,259	-7,690	100,000
2	67	8,949	0	8,949	17,898	7,809	6,550	-2,399	100,000
3	68	8,949	678	8,949	26,847	15,341	7,532	-1,417	100,678
4	69	8,949	1,155	8,949	35,796	24,003	8,662	-287	102,239
5	70	8,949	1,895	8,949	44,745	34,014	10,011	1,062	104,787
6	71	8,949	2,307	8,949	53,694	44,918	10,904	1,955	108,102
7	72	8,949	2,605	8,949	62,643	55,501	10,583	1,634	111,864
8	73	8,949	2,857	8,949	71,592	66,663	11,162	2,213	115,950
9	74	8,949	3,112	8,949	80,541	78,449	11,786	2,837	120,327
10	75	8,949	3,371	8,949	89,490	90,916	12,467	3,518	124,990
11	76	0	3,489	0	89,490	96,062	5,146	5,146	129,791
12	77	0	3,615	0	89,490	101,377	5,315	5,315	134,678
13	78	0	3,743	0	89,490	106,866	5,488	5,488	139,652
14	79	0	3,873	0	89,490	112,530	5,665	5,665	144,715
15	80	0	4,005	0	89,490	118,370	5,840	5,840	149,868
16	81	0	4,136	0	89,490	124,378	6,008	6,008	155,107
17	82	0	4,267	0	89,490	130,546	6,168	6,168	160,431
18	83	0	4,401	0	89,490	136,876	6,330	6,330	165,842
19	84	0	4,541	0	89,490	143,347	6,471	6,471	171,344
20	85	0	4,695	0	89,490	149,958	6,612	6,612	176,955
21	86	0	4,864	0	89,490	156,707	6,749	6,749	182,691
22	87	0	5,039	0	89,490	163,578	6,871	6,871	188,563
23	88	0	5,218	0	89,490	170,557	6,979	6,979	194,575
24	89	0	5,404	0	89,490	177,627	7,070	7,070	200,737
25	90	0	5,593	0	89,490	184,783	7,156	7,156	207,055

### Insured: Show Note

Male, Age 65, Standard Non-Tobacco  
 Contract Premium Mode: Annual  
 Policy Payment Period: 10 Years  
 Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

### Non-Guaranteed

Year	Age	Total Premium	Dividend	Premium Outlay	Cum. Premium Outlay	Total Cash Value	Change in Total Cash Value	Change in CV Less Prem. Outlay	Total Death Benefit
26	91	0	5,760	0	89,490	191,998	7,215	7,215	213,510
27	92	0	5,944	0	89,490	199,293	7,295	7,295	220,119
28	93	0	6,146	0	89,490	206,700	7,407	7,407	226,906
29	94	0	6,354	0	89,490	214,241	7,542	7,542	233,879
30	95	0	6,564	0	89,490	221,966	7,724	7,724	241,043
31	96	0	6,775	0	89,490	229,948	7,982	7,982	248,398
32	97	0	6,984	0	89,490	238,121	8,173	8,173	255,943
33	98	0	7,200	0	89,490	246,485	8,364	8,364	263,682
34	99	0	7,428	0	89,490	255,030	8,545	8,545	271,627
35	100	0	7,662	0	89,490	263,740	8,710	8,710	279,787
36	101	0	7,889	0	89,490	272,587	8,847	8,847	288,156
37	102	0	8,121	0	89,490	281,603	9,016	9,016	296,741
38	103	0	8,358	0	89,490	290,795	9,193	9,193	305,548
39	104	0	8,602	0	89,490	300,175	9,380	9,380	314,587
40	105	0	8,852	0	89,490	309,769	9,594	9,594	323,864
41	106	0	9,109	0	89,490	319,627	9,857	9,857	333,387
42	107	0	9,372	0	89,490	329,855	10,228	10,228	343,163
43	108	0	9,643	0	89,490	340,346	10,490	10,490	353,195
44	109	0	9,920	0	89,490	351,103	10,758	10,758	363,490
45	110	0	10,205	0	89,490	362,136	11,032	11,032	374,056
46	111	0	10,498	0	89,490	373,450	11,314	11,314	384,899
47	112	0	10,903	0	89,490	385,159	11,709	11,709	396,133
48	113	0	11,218	0	89,490	397,173	12,014	12,014	407,671
49	114	0	11,542	0	89,490	409,499	12,326	12,326	419,519
50	115	0	11,874	0	89,490	422,146	12,647	12,647	431,683
51	116	0	12,215	0	89,490	435,122	12,977	12,977	444,175
52	117	0	12,566	0	89,490	448,438	13,316	13,316	457,002
53	118	0	12,926	0	89,490	462,101	13,663	13,663	470,175
54	119	0	13,425	0	89,490	476,253	14,152	14,152	483,832
55	120	0	14,018	0	89,490	490,986	14,733	14,733	498,070
56	121	0	14,430	0	89,490	512,708	21,722	21,722	512,708

The non-guaranteed values illustrated avoid Modified Endowment Contract (MEC) status. Please see Important Tax Information in the Policy Overview section of this illustration for additional information.



**Insured: Show Note**

Male, Age 65, Standard Non-Tobacco  
 Contract Premium Mode: Annual  
 Policy Payment Period: 10 Years  
 Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

## Supplemental Ledger - Alternate Dividend Scale

**Values**

**0.25% Reduction**

*Refer back to the basic illustration for guaranteed elements and other important information.*

Values are based on the guarantees in your policy, as well as any non-guaranteed dividends paid at an alternate scale which assumes an interest factor that is 0.25% less than the current scale. This supplemental ledger will also reflect PUA/dividend surrenders and policy loans, if illustrated.

*Benefits and values are subject to change by Penn Mutual and are not guaranteed, actual results may be more or less favorable.*

### Non-Guaranteed

Year	Age	Total Premium	Dividend	Premium Outlay	Cum. Premium Outlay	Total Cash Value	Change in Total Cash Value	Change in CV Less Prem. Outlay	Total Death Benefit
1	66	8,949	0	8,949	8,949	1,259	1,259	-7,690	100,000
2	67	8,949	0	8,949	17,898	7,809	6,550	-2,399	100,000
3	68	8,949	635	8,949	26,847	15,298	7,489	-1,460	100,635
4	69	8,949	1,092	8,949	35,796	23,896	8,598	-351	102,107
5	70	8,949	1,808	8,949	44,745	33,818	9,922	973	104,533
6	71	8,949	2,195	8,949	53,694	44,606	10,788	1,839	107,690
7	72	8,949	2,464	8,949	62,643	55,041	10,435	1,486	111,255
8	73	8,949	2,686	8,949	71,592	66,023	10,982	2,033	115,102
9	74	8,949	2,908	8,949	80,541	77,593	11,570	2,621	119,199
10	75	8,949	3,131	8,949	89,490	89,804	12,211	3,262	123,538
11	76	0	3,233	0	89,490	94,673	4,869	4,869	127,989
12	77	0	3,340	0	89,490	99,689	5,016	5,016	132,507
13	78	0	3,450	0	89,490	104,855	5,166	5,166	137,095
14	79	0	3,560	0	89,490	110,173	5,318	5,318	141,752
15	80	0	3,672	0	89,490	115,641	5,468	5,468	146,478
16	81	0	3,781	0	89,490	121,251	5,610	5,610	151,271
17	82	0	3,890	0	89,490	126,994	5,743	5,743	156,127
18	83	0	4,001	0	89,490	132,871	5,877	5,877	161,048
19	84	0	4,116	0	89,490	138,861	5,990	5,990	166,040
20	85	0	4,244	0	89,490	144,962	6,101	6,101	171,114
21	86	0	4,385	0	89,490	151,170	6,207	6,207	176,288
22	87	0	4,530	0	89,490	157,467	6,298	6,298	181,569
23	88	0	4,680	0	89,490	163,842	6,375	6,375	186,963
24	89	0	4,834	0	89,490	170,277	6,434	6,434	192,477
25	90	0	4,988	0	89,490	176,764	6,487	6,487	198,114

**Insured: Show Note**

Male, Age 65, Standard Non-Tobacco  
 Contract Premium Mode: Annual  
 Policy Payment Period: 10 Years  
 Initial Premium: \$8,949.00

Initial Base Face Amount: \$100,000

Initial Dividend Option: Paid-Up Additions (PUAs)

<b>Non-Guaranteed</b>										
Year	Age	Total Premium	Dividend	Premium Outlay	Cum. Premium Outlay	Total Cash Value	Change in Total Cash Value	Change in CV Less Prem. Outlay	Total Death Benefit	
26	91	0	5,125	0	89,490	183,280	6,517	6,517	203,859	
27	92	0	5,273	0	89,490	189,843	6,563	6,563	209,724	
28	93	0	5,438	0	89,490	196,482	6,639	6,639	215,730	
29	94	0	5,608	0	89,490	203,219	6,737	6,737	221,885	
30	95	0	5,777	0	89,490	210,097	6,878	6,878	228,192	
31	96	0	5,947	0	89,490	217,188	7,091	7,091	234,651	
32	97	0	6,116	0	89,490	224,426	7,238	7,238	241,259	
33	98	0	6,289	0	89,490	231,811	7,386	7,386	248,019	
34	99	0	6,469	0	89,490	239,331	7,519	7,519	254,940	
35	100	0	6,657	0	89,490	246,972	7,641	7,641	262,031	
36	101	0	6,837	0	89,490	254,705	7,734	7,734	269,285	
37	102	0	7,020	0	89,490	262,562	7,857	7,857	276,707	
38	103	0	7,208	0	89,490	270,549	7,986	7,986	284,304	
39	104	0	7,400	0	89,490	278,673	8,124	8,124	292,081	
40	105	0	7,597	0	89,490	286,959	8,286	8,286	300,044	
41	106	0	7,799	0	89,490	295,452	8,493	8,493	308,199	
42	107	0	8,006	0	89,490	304,249	8,797	8,797	316,550	
43	108	0	8,217	0	89,490	313,248	8,999	8,999	325,100	
44	109	0	8,434	0	89,490	322,452	9,205	9,205	333,853	
45	110	0	8,655	0	89,490	331,867	9,415	9,415	342,814	
46	111	0	8,882	0	89,490	341,497	9,630	9,630	351,990	
47	112	0	9,190	0	89,490	351,424	9,927	9,927	361,460	
48	113	0	9,433	0	89,490	361,583	10,159	10,159	371,162	
49	114	0	9,682	0	89,490	371,978	10,395	10,395	381,101	
50	115	0	9,936	0	89,490	382,617	10,638	10,638	391,281	
51	116	0	10,197	0	89,490	393,504	10,887	10,887	401,709	
52	117	0	10,464	0	89,490	404,647	11,143	11,143	412,392	
53	118	0	10,738	0	89,490	416,051	11,404	11,404	423,335	
54	119	0	11,119	0	89,490	427,824	11,774	11,774	434,648	
55	120	0	11,590	0	89,490	440,056	12,232	12,232	446,420	
56	121	0	11,902	0	89,490	458,493	18,437	18,437	458,493	

The non-guaranteed values illustrated avoid Modified Endowment Contract (MEC) status. Please see Important Tax Information in the Policy Overview section of this illustration for additional information.



## About The Penn Mutual Life Insurance Company

For more than 175 years, Penn Mutual has been helping people get stronger. Our expertly crafted life insurance is vital to long-term financial health and strengthens people's ability to enjoy every day. Working with our trusted network of financial professionals, we take the long view, building customized solutions for individuals, their families, and their businesses. Penn Mutual supports its financial professionals with retirement and investment services through its wholly owned subsidiary Hornor, Townsend & Kent, LLC, member FINRA/SIPC.

**Visit Penn Mutual at [www.pennmutual.com](http://www.pennmutual.com).**

**All guarantees are based on the claims paying ability of the issuing company.**

This illustration assumes that the currently illustrated non-guaranteed elements will continue for all years shown. This is not likely to occur, and actual results may be more or less favorable than those shown.

Version #: 2.30.1

Illustration Case ID: 15308823



*A Universal Life Insurance Policy Proposal*

## Essential Guaranteed®

### UL 5

Flexible Premium Adjustable Universal Life  
Policy form number: L146 Series  
Issue State: North Carolina



Proposal prepared for:

### Show Notes

October 16, 2023 at 16:15:40

Initial Death Benefit:

**\$100,000**

Initial Annual Premium:

**\$3,539.38**

Presented by:

**HANS SCHEIL**

**THIS IS A PROPOSAL ONLY. A PROPOSAL IS NOT INTENDED TO PREDICT ACTUAL PERFORMANCE. INTEREST RATES, DIVIDENDS, AND VALUES SET FORTH IN THE PROPOSAL ARE NOT GUARANTEED, EXCEPT FOR THOSE ITEMS CLEARLY LABELED AS GUARANTEED.**

# Life insurance offers more than you might expect

## Guaranteed Death Benefit Protection<sup>1</sup>



EGUL5 provides a Death Benefit that won't lapse as long as sufficient premiums are paid. You can choose how long the guarantee lasts, up to age 120. Death Benefit proceeds can pass to the beneficiaries generally free from income taxes and without being subject to probate.<sup>2</sup> While it obviously doesn't heal the emotional hurt, the money could be used to ensure your family's financial strategy doesn't get derailed.

## Accelerated Death Benefit Endorsements



What are your options to pay for the high cost of health care due to a Critical, Chronic, or Terminal Illness? Would your retirement plan suffer? Accelerated Death Benefits could provide you with the option to use a portion of the Death Benefit while you're still living...leaving your assets such as your 401(k) and your home intact. These benefits can help mitigate the financial risk if you are diagnosed with a qualifying medical condition. Critical and Chronic Illness Accelerated Death Benefits are subject to eligibility requirements.

## Premium Recovery Endorsement<sup>3</sup>



The Premium Recovery Endorsement is a feature that allows you to fully surrender the policy at certain time windows during the life of your policy and recover all or a portion of the total premiums you've paid less any Policy Debt or Withdrawals, including Withdrawal charges and processing fees. These windows occur the 15th, 20th, and 25th anniversary of your policy. Please refer to the "Key Terms and Definitions" section for additional details.

Additional information on these features and terms can be found throughout this proposal.

<sup>1</sup>The Guaranteed Death Benefit is subject to premium payment requirements..

<sup>2</sup>Neither Midland National Life Insurance Company 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.

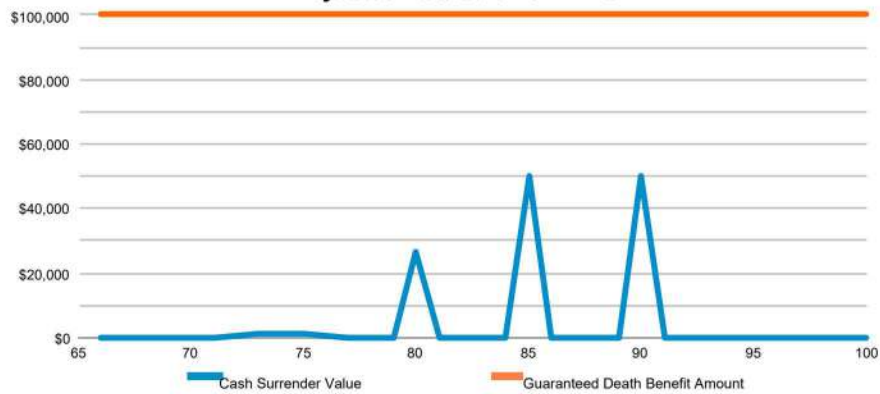
<sup>3</sup>The Premium Recovery Endorsement will remain in effect to the 25-year policy anniversary as long as the qualification test is satisfied at each policy anniversary. Generally, the qualification test is met if the gross premiums paid guarantee the policy to at least the insured's attained age of 95, assuming no Policy Loans are taken. In some instances, additional premium may be required based on Underwriting Class, table ratings, or flat extras. If the Premium Recovery Endorsement terminates, it cannot be reinstated.

# What life insurance can do for you

\$100,000

## Death Benefit @ Age 85

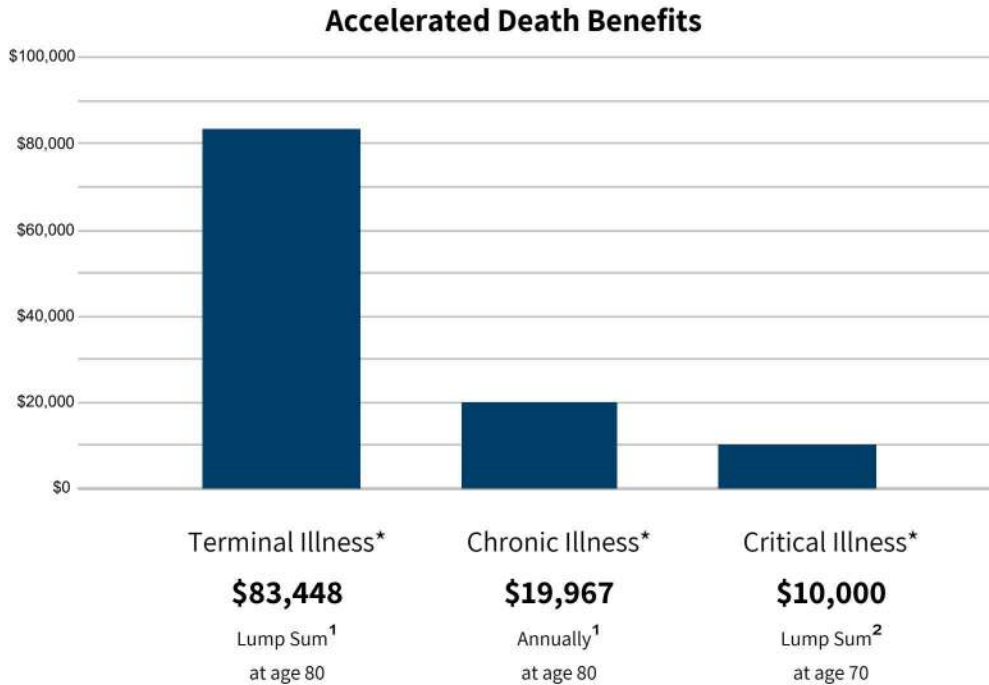
### Projected Values Over Time



The "Projected Values Over Time" chart demonstrates how your policy has been illustrated to perform for you up to age 85 based on guaranteed values. Reductions in the projected Death Benefit in the chart may be due to suspension of premium payments. This policy qualifies for the Premium Recovery Endorsement. Premium Recovery values are shown in years 15, 20, & 25 if qualified and if greater than the Net Cash Surrender Value. These values have been derived from the Projected Policy Values shown later in the proposal. For details of these terms see the Key Terms and Definitions section later in the proposal.

# Living Benefits

This policy includes living benefits in the form of an Accelerated Death Benefit Endorsement (ADBE). In the event of a qualifying illness, an ADBE allows you to advance a portion of your Death Benefit. The use of one benefit may reduce or eliminate other policy and rider benefits. The graph shows the maximum Death Benefit that can be accelerated for Terminal Illness, Chronic Illness, and Critical Illness Benefits. See the detailed definitions in this proposal or the ADBE Disclosure provided to you at time of your application.



Accelerating Death Benefits provides you:

- Access to funds when you may need it most - while you are still alive
- While on claim for a qualifying Chronic Illness, the policy will not lapse during the 12 month period following an acceleration even without premium payments
- Waive monthly Deductions while on Terminal or Chronic Illness benefit (up to \$2 million specified amount for Chronic)
- No claims based underwriting for accelerated benefits

\*See "Key Terms and Definitions" for more details about Accelerated Terminal, Chronic and/or Critical Illness.

<sup>1</sup> The 'Accelerated Death Benefits' amounts listed assume the maximum Death Benefit that can be accelerated based on the Guaranteed Net Cash Surrender Value & Death Benefit amount and uses the current accelerated benefit discount rate of 5.00%. Actual payment(s) will be determined at the time the benefit is elected and changes to the discount rate and life expectancy will result in a payment that is higher or lower than illustrated. This proposal assumes that the guaranteed elements will not change for the years shown.

<sup>2</sup> The 'Accelerated Death Benefits' amounts listed assume the maximum Death Benefit that can be accelerated based on the Guaranteed Net Cash Surrender Value & Death Benefit amount and the calculation uses 40% of the Death Benefit accelerated regardless of the age, gender, Underwriting Class or severity of the illness. This percentage will not change for the life of the policy.

# Summary of Coverages

Life Insurance Death Benefit

Protection @ Age 85

## \$100,000

## Included Benefits

	Highlights	Period	Premium
<b>Terminal Illness*</b> Accelerated Death Benefit Endorsement (Form Series TR210)	Max: 90% of the Death Benefit on election date up to \$1,000,000	All Years	There is no additional monthly deduction or premium charge for the Accelerated Death Benefit Endorsement. However, the actual payment you receive in connection with any acceleration will be discounted and is lower than the Death Benefit amount accelerated. In addition, there is an administrative fee required each time an Accelerated Death Benefit payment is made for Terminal Illness or a Chronic Illness.
<b>Chronic Illness*</b> Accelerated Death Benefit Endorsement (Form Series TR210)	Max: 24% of the Death Benefit on initial election date up to \$480,000	All Years	
<b>Critical Illness*</b> Accelerated Death Benefit Endorsement (Form Series TR210)	Max: 25% of the Death Benefit on each election date up to \$50,000	All Years	
<b>Guaranteed Exchange Privilege</b>	Can exchange to one of our permanent life policies available at the time of exchange with no evidence of insurability	Through the insured's attained age 75	N/A
<b>Premium Recovery Endorsement</b> (Form Series TR211)**	Allows the owner to surrender the policy and recover all or a portion of total premiums paid less any Policy Debt or Withdrawals, including Withdrawal charges and processing fees as long as the Death Benefit is guaranteed to age 95. 15 years: up to the lesser of 50% of paid premium or the PRE Cap. 20 or 25 years: up to the lesser of 100% of paid premium or the PRE Cap. The maximum amount of premium available for recovery is 50% of the policy's specified amount of Death Benefit.	Able to exercise this benefit within 60 day window following the 15, 20, and 25 year policy anniversaries if still qualified	There is no additional monthly deduction or premium charge for the Premium Recovery Endorsement.

\*See "Key Terms and Definitions" for more details about Accelerated Terminal, Chronic and/or Critical Illness

\*\*Certain guidelines and restrictions apply. Refer to the policy for complete details.



# Projected Policy Values

This proposal assumes premiums are paid on the Annual due date. Values and benefits are as of the end of the policy year and will vary depending upon the amount and timing of the premium payments.

### INTEREST AND COST SCENARIOS

Initial Death Benefit: \$100,000  
Death Benefit Option: 1-Level  
Initial Annual Premium: \$3,539.38

**Guaranteed**  
Maximum Charges  
Interest Rate: 2.50%

End of Year	Beg/End of Yr Age	Annualized Modal Premium	Type	Account Value	Surrender Value	Death Benefit
1	65/66	3,539.38	P	877	0	100,000
2	66/67	3,539.38	P	1,701	0	100,000
3	67/68	3,539.38	P	2,459	0	100,000
4	68/69	3,539.38	P	3,149	0	100,000
5	69/70	3,539.38	P	3,749	0	100,000
6	70/71	3,539.38	P	4,243	0	100,000
7	71/72	3,539.38	P	4,607	551	100,000
8	72/73	3,539.38	P	4,803	955	100,000
9	73/74	3,539.38	P	4,788	1,096	100,000
10	74/75	3,539.38	P	4,531	1,047	100,000
		<b>35,393.80</b>				
11	75/76	3,539.38	P	3,996	720	100,000
12	76/77	3,539.38	P	3,130	114	100,000
13	77/78	3,539.38	P	1,888	0	100,000
14	78/79	3,539.38	P	204	0	100,000
15	79/80	3,539.38	P	0	26,545*	100,000
16	80/81	3,539.38	P	0	0	100,000
17	81/82	3,539.38	P	0	0	100,000
18	82/83	3,539.38	P	0	0	100,000
19	83/84	3,539.38	P	0	0	100,000
20	84/85	3,539.38	P	0	50,000*	100,000
		<b>70,787.60</b>				
21	85/86	3,539.38	P	0	0	100,000
22	86/87	3,539.38	P	0	0	100,000
23	87/88	3,539.38	P	0	0	100,000
24	88/89	3,539.38	P	0	0	100,000
25	89/90	3,539.38	P	0	50,000*	100,000
26	90/91	3,539.38	P	0	0	100,000
27	91/92	3,539.38	P	0	0	100,000
28	92/93	3,539.38	P	0	0	100,000
29	93/94	3,539.38	P	0	0	100,000
30	94/95	3,539.38	P	0	0	100,000
		<b>106,181.40</b>				
31	95/96	3,539.38	P	0	0	100,000
32	96/97	3,539.38	P	0	0	100,000
33	97/98	3,539.38	P	0	0	100,000
34	98/99	3,539.38	P	0	0	100,000
35	99/100	3,539.38	P	0	0	100,000
36	100/101	3,539.38	P	0	0	100,000

This is a proposal only, not an offer, contract, or promise of future policy performance. Coverage is subject to the terms and conditions of the policy. The basic proposal is not valid unless all pages are included.

**INTEREST AND COST SCENARIOS**

Initial Death Benefit: \$100,000  
Death Benefit Option: 1-Level  
Initial Annual Premium: \$3,539.38

**Guaranteed**  
Maximum Charges  
Interest Rate: 2.50%

End of Year	Beg/End of Yr Age	Annualized Modal Premium	Type	Account Value	Surrender Value	Death Benefit
37	101/102	3,539.38	P	0	0	100,000
38	102/103	3,539.38	P	0	0	100,000
39	103/104	3,539.38	P	0	0	100,000
40	104/105	3,539.38	P	0	0	100,000
		<b>141,575.20</b>				
41	105/106	3,539.38	P	0	0	100,000
42	106/107	3,539.38	P	0	0	100,000
43	107/108	3,539.38	P	0	0	100,000
44	108/109	3,539.38	P	0	0	100,000
45	109/110	3,539.38	P	0	0	100,000
46	110/111	3,539.38	P	0	0	100,000
47	111/112	3,539.38	P	0	0	100,000
48	112/113	3,539.38	P	0	0	100,000
49	113/114	3,539.38	P	0	0	100,000
50	114/115	3,539.38	P	0	0	100,000
		<b>176,969.00</b>				
51	115/116	3,539.38	P	0	0	100,000
52	116/117	3,539.38	P	0	0	100,000
53	117/118	3,539.38	P	0	0	100,000
54	118/119	3,539.38	P	0	0	100,000
55	119/120	3,539.38	P	0	0	100,000
		<b>194,665.90</b>				

**Interest & Cost Scenarios Descriptions:**

Amounts shown in the Annualized Modal Premium column are annualized.

**TYPE**

P = Premium (Annual)

\*Premium Recovery values are shown if qualified and greater than the Net Cash Surrender Value.

## Key Terms and Definitions

<p><b>Accelerated Death Benefit Endorsement</b></p>	<p>The Accelerated Death Benefit Endorsement (ADBE) allows for the owner to accelerate a portion of the policy's Death Benefit if the insured is diagnosed with a qualifying illness. The owner specifies the amount to accelerate up to the maximum allowed. There is no Monthly Deduction or premium or charge for this endorsement; however, the actual payment received in connection with any acceleration will be discounted and is lower than the Death Benefit amount accelerated. In addition, there is an administrative fee when an Accelerated Death Benefit payment is made. Since this benefit is paid prior to death, the benefit payment to the owner will be discounted from the amount accelerated. An election to accelerate benefits will reduce the remaining Death Benefit and Account Values in the policy. If the policy has a Loan balance, a portion of the payment will be used to reduce the Policy Debt. The endorsements provide Accelerated Death Benefits for Terminal Illness, Chronic Illness and Critical Illness; however, the owner can only elect to accelerate benefits under one of these conditions at any given time. The maximum Death Benefit we will accelerate on the policy is \$2,000,000.</p> <p>The maximum amount available for election is dependent on the actual Death Benefit at the time of election. As shown in the policy proposal, the actual Death Benefit can vary based on many factors, such as interest credited and the use of guaranteed or current charges. Policy Values such as the Net Cash Surrender Value and Policy Debt can have an impact on your payment at the time of election. Any payment amounts illustrated for accelerated benefits are not guaranteed and can only be determined at the time of the actual acceleration of the Death Benefit.</p> <p>See description of each endorsement below and reference the "Accelerated Death Benefit Endorsement Disclosure" you receive at time of application for more details.</p> <p>Amounts payable as accelerated benefits could be taxable under some circumstances. We recommend that you consult your personal tax advisor prior to electing an accelerated benefit under this endorsement to assess the tax treatment in your individual circumstances.</p>
<p><b>ADBE - Terminal Illness Benefit</b></p>	<p>The insured qualifies as terminally ill if a physician has certified that the insured's life expectancy is 24 months or less. The minimum Terminal Illness benefit is 10% of the Death Benefit on the Election Date or \$100,000, if smaller. The maximum Terminal Illness benefit is 90% of the Death Benefit on the Election Date or \$1,000,000, if smaller.</p> <p>The Accelerated Death Benefit payment amount that is received from the Terminal Illness benefit is based on the following factors:</p> <ol style="list-style-type: none"> <li>1. The benefit discount rate that the Company is required to use at the time of election. A higher discount rate results in a lower payment.</li> <li>2. The insured's life expectancy used by the Company. The longer the Company assumes the insured lives with Terminal Illness, the lower the payment.</li> </ol>
<p><b>ADBE - Chronic Illness Benefit</b></p>	<p>The insured qualifies as chronically ill if a physician has certified, within the last 12 months, that the insured is unable to perform for at least 90 days, without substantial assistance from another person, at least two Activities of Daily Living or requires Substantial Supervision by another person, to protect oneself from threats to health and safety due to Severe Cognitive Impairment. (Activities of Daily Living include bathing, continence, dressing, eating, toileting and transferring). The minimum Chronic Illness benefit is 5% of the Death Benefit on the initial Election Date or \$50,000 if smaller. The maximum Chronic Illness benefit is 24% of the Death Benefit on the initial Election Date or \$480,000, if smaller.</p>

	<p>The Accelerated Death Benefit payment amount that is received from the Chronic Illness benefit is based on the following factors:</p> <ol style="list-style-type: none"> <li>1. The insured's age at election. In general, the younger the insured's age at the time of election, the lower the payment.</li> <li>2. The benefit discount rate that the Company is required to use at the time of election. A higher discount rate results in a lower payment.</li> <li>3. The insured's life expectancy used by the Company. The longer the Company assumes the insured lives with a Chronic Illness, the lower the payment.</li> </ol>
<p><b>ADBE - Critical Illness Benefit</b></p>	<p>The insured qualifies as critically ill if a physician has certified that the insured has had one of the following specified medical conditions within the last 12 months: cancer, heart attack, kidney failure, major organ transplant, or stroke as defined in the endorsement. The minimum Critical Illness benefit amount that can be accessed at each election is \$2,500. The maximum Critical Illness benefit at the time of election is the smaller of 25% of the policy's Death Benefit at the time of election or \$50,000.</p> <p>The Accelerated Death Benefit payment amount for the Critical Illness benefit is determined by using 40% of the Accelerated Death Benefit at the time of election - regardless of age, gender, Underwriting Class, or severity of the illness. This percentage will not change for the life of the policy.</p>
<p><b>Cash Value Accumulation Test</b></p>	<p>This test is used to determine whether an insurance product can be taxed as insurance rather than an investment. If at any time the Account Value is greater than the amount required under the Cash Value Accumulation Test of Section 7702 of the Internal Revenue Code, the policy's Death Benefit may be automatically increased to qualify your policy as life insurance. Failure to qualify as life insurance could have adverse tax consequences. This proposal conforms to the requirements of the test.</p> <p>The Annual Premium that must be paid to guarantee coverage for the duration of your Policy is \$3,539.38. The calculation of this premium is based on the following assumptions:</p> <ul style="list-style-type: none"> <li>• all premiums are allocated to the Fixed Account;</li> <li>• guaranteed minimum interest rates are applied;</li> <li>• guaranteed maximum monthly deductions are applied;</li> <li>• premiums are paid in all years to age 120, regardless of the premium payment pattern shown in the "Projected Policy Values" pages;</li> <li>• Lump Sum and 1035 Exchange amounts, if any, are not included;</li> <li>• Policy changes, Withdrawals and Loans are not included; and</li> <li>• Riders and ratings, if illustrated, are included.</li> </ul> <p>Under these assumptions, the calculated premium will generate at least \$1.00 of Surrender Value at age 120. Any policy changes, Withdrawals, or Loans combined with the calculated premium may cause the policy to lapse prior to age 120.</p>
<p><b>Death Benefit</b></p>	<p>See Life Insurance Benefit</p>
<p><b>Death Benefit - Level Death Benefit</b></p>	<p>The Death Benefit is the amount paid to the named beneficiary when the insured person dies while this policy is in effect. The actual amount payable may be lower if the Death Benefit is reduced, a Policy Loan or Withdrawal is taken, or if the Death Benefit is accelerated. It may be higher if the insured increases the Death Benefit, or if the policy corridor rules apply. See the policy for details on corridor percentages and how they impact the Death Benefit.</p>
<p><b>Extended No Lapse Guarantee</b></p>	<p>See No Lapse Guarantee - Required Minimum Premium</p>

<b>Guaranteed Exchange Privilege</b>	During the Exchange Period (through the insured's attained age 75), you may exchange this policy or a portion of it, without evidence of insurability, to an individual permanent life insurance policy available at that time for exchange from this plan. This policy must be in effect and not have an outstanding Loan at the time of exchange and the insured person is living. The Cash Surrender Value on the new policy may not be greater than the Cash Surrender Value on the policy being Exchanged. For a partial exchange, policy minimums for both policies still apply. See policy for details.
<b>Life Insurance Benefit</b>	The Life Insurance Benefit is the actual amount payable upon death. This may be decreased by Loans or Withdrawals, acceleration of the Death Benefits, or increased by additional insurance benefits and/or provisions. The insurance policy will specify how to determine the benefit.
<b>Maturity Date</b>	The insured age which would be considered the Maturity Date of this policy is age 120. If the insured is living at maturity and the policy is still in effect, the owner may ask us to extend the Maturity Date indefinitely as allowed by law. There are no charges, deductions or premiums beyond age 120 of the insured.
<b>Modified Endowment Contract (MEC)</b>	<p>According to the Internal Revenue Code, a life insurance policy is considered a Modified Endowment Contract ("MEC") if the accumulated premiums paid at any time during the first 7 policy years, or during any 7-year testing period following a material change, exceed the sum of the MEC premium for the same period. Policies that comply with the definition of life insurance under the Cash Value Accumulation Test (CVAT) have an additional requirement that if accumulated premiums at any time during the policy exceed seven times the 7-Pay Premium, the policy will be a MEC. MEC premiums are computed according to the Internal Revenue Code. If a life insurance policy is a MEC, a Withdrawal or Policy Loan may be taxable upon receipt. Further, unpaid Loan interest may be taxable. Also, if you are exchanging a Modified Endowment Contract for a life insurance policy, the new policy will automatically be a Modified Endowment Contract regardless of the amount of premiums paid. After seven years, this amount can be exceeded without affecting the tax status of Loans or Withdrawals as long as premiums do not result in a benefit increase that is classified as a material change. A material change in policy benefits, including Death Benefit increases due to the Cash Value Accumulation Test, will cause your policy to start a new seven-year testing period and again be subject to the 7-Pay Premium rules. Regardless of the result of this testing, the Death Benefit will be received income tax free based on the current tax code.</p> <p>Based on the premium payments and exchange information used in this proposal, this policy will very likely become a Modified Endowment Contract due to the Necessary Premium Test. See the attached "Modified Endowment Contract Disclosure Statement" for more information.</p> <p>For most policies, Withdrawals are free from federal income tax to the extent of the investment in the contract, and Policy Loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a Withdrawal or Policy Loan may be taxable upon receipt. Further, unpaid Loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).</p>
<b>Net Premium</b>	This is the portion of each premium paid that will be added to the Account Value. It is equal to the premium paid, minus the Premium Load.

<p><b>No Lapse Guarantee - Required Minimum Premium</b></p>	<p>Your policy will stay in effect during the first 5 years if you pay at least the Required Minimum Premium of \$2,199.00 annually, have not taken any Policy Loans or Withdrawals, or increased any policy benefits. Payment of the Required Minimum Premium may not provide coverage beyond the first 5 years and may result in a negative or zero Account Value. If that happens, significantly higher premiums may be necessary to keep the policy in effect. We will not credit or charge interest on a negative balance. Monthly deductions will continue to be deducted from a negative balance. By paying only the minimum premium, you may be forgoing the advantage of building more cash values. For this proposal, the minimum annualized premium that must be paid to guarantee coverage to Maturity is \$3,539.38.</p> <p>After the 5 Year No Lapse Guarantee Period, the Extended No Lapse Guarantee extends the policy's Guaranteed Death Benefit for any length up to age 120. The guarantee will vary depending on the amount and timing of premium payments. The charges associated with this benefit are defined in the policy. You have chosen to guarantee the Death Benefit to age 120 by paying the proposed premium on the applicable due date. Changes in your premium pattern or other policy changes such as Loans, Withdrawals and Death Benefit changes may affect the length of the Extended No Lapse Guarantee.</p>
<p><b>Premium Load</b></p>	<p>A Premium Load is a percentage of the premium that will be charged each time a premium is paid. Policy charges, including the Premium Load, are guaranteed not to exceed the maximums listed in the policy.</p>
<p><b>Premium Outlay</b></p>	<p>The premium amount that appears as the Annualized Modal Premium in any given year on the "Projected Policy Values" pages is the sum of the payments you plan to make each year. This proposal assumes that all scheduled premium payments are received on the first day of each Annual payment period. Premiums received that vary in amount or timing from those illustrated may result in significantly different illustrated performance including, but not limited to, Account Value and/or policy Death Benefit duration.</p>
<p><b>Premium Recovery Endorsement</b></p>	<p>The Premium Recovery Endorsement (PRE) allows the owner to fully-surrender the policy during the Premium Recovery Period and recover all or a portion of total premiums paid less any Policy Debt or Withdrawals, including Withdrawal charges and processing fees. The total premiums paid will be reduced by the same portion as the Death Benefit for any acceleration of the Death Benefit. This endorsement will remain in effect to the 25 year policy anniversary as long as the qualification test is satisfied at each policy anniversary. Generally, the qualification test is met if the gross premiums paid guarantee the policy to at least insured's attained age 95, assuming no Policy Loans are taken. In some instances, additional premium may be required based on Underwriting Class, table ratings or flat extras. If the PRE terminates, it cannot be reinstated. This benefit is available for a 60 day window following the 15, 20, and 25 year policy anniversaries. The owner may recover up to 50% of paid premiums if exercised following the 15 year anniversary, and up to 100% of paid premiums if exercised following the 20 or 25 year anniversaries. The maximum amount of premium available for recovery is 50% of the policy's specified amount of Death Benefit. The Premium Recovery value will never be less than the Net Cash Surrender Value. Reference your policy for complete details.</p>
<p><b>Underwriting Class</b></p>	<p>This is the category that the insurance company assigns to the insured based on their health and level of risk. Actual premiums and policy charges will depend on the outcome of the underwriting process, and may vary from what is shown in this proposal. If the policy is issued other than applied for, you may receive a revised proposal with your policy. If a table rating or flat extra for health, occupation, or recreation factors is applied during underwriting your cost of insurance increases, which can be illustrated in the "Projected Policy Values" tab within the premiums.</p>

## Policy Values

<b>Account Value</b>	<p>The Account Value is the accumulation of Net Premiums (premium paid minus Premium Load) paid, plus interest credited, minus policy charges. Policy charges are deducted regardless of premium amount or frequency. Different portions of the Account Value may earn different interest rates. The Account Value is affected by any Loans, Withdrawals, or acceleration of Death Benefits.</p> <p>Because this is a flexible premium policy, you have the option to stop or reduce premium payments for a period of time. Even if this proposal shows premium payments for just one year or several years only, Midland National Life Insurance Company will continue to deduct the cost of insurance and policy expenses from your policy's account value each month. Depending on actual results, you may need to continue or resume Premium Outlays. If at any time the account value is not sufficient to cover the monthly charges and expenses, and absent an applicable No Lapse Guarantee, you would have to make sufficient premium payments.</p>
<b>Cash Surrender Value (Net Cash Surrender Value)</b>	<p>The Surrender Value is the amount available upon surrender of the policy provided the policy is in effect and the insured is living. The Surrender Value is the Account Value (reduced by outstanding Policy Debt) minus the Surrender Charge, if any. The Surrender Charge (assuming no Death Benefit increases) reduces to zero at the end of 20 years. Values displayed on the "Projected Policy Values" page will be the Cash Surrender Value or the Premium Recovery Endorsement, whichever is greater.</p>
<b>Surrender Charge</b>	<p>The Surrender Charge is the amount deducted from the Account Value upon surrender of the policy during the Surrender Charge period. The Surrender Charge amount is described in the insurance policy.</p>

## Distribution Options

<b>Policy Debt</b>	<p>Policy Debt is the total Policy Loan on this policy on any date plus the accrued interest.</p>
<b>Policy Loan</b>	<p>A Policy Loan is a Loan against the Cash Surrender Value of this policy that is taken by You when the insured is living and this policy is in effect, plus any unpaid interest that has been added to the Policy Loan, less Policy Loan repayments. The amount available for Loan equals the Net Cash Surrender Value less the Loan interest that will accumulate on the next policy anniversary. During the first 20 years, the guaranteed maximum interest charged on Loans is 6.00%, and the interest credited on these Loans is guaranteed at 2.50% for a net rate of 3.5%. After 20 policy years, contractually guaranteed Net Zero Cost Loans (Loans charged and credited at the same rate for a net zero cost) are available on the full Loan amount. Access to the Account Value through Loans will reduce the policy's ultimate Death Benefit and Net Cash Surrender Value. If desired you may pay the Loan interest. If the Loan interest is not paid, the Loan balance will increase resulting in less net Death Benefit. If the Loan balance becomes greater than or equal to the Cash Surrender Value, the policy will go into the grace period. See the policy form for the amount available for Loans and for other details.</p>
<b>Withdrawals</b>	<p>A Withdrawal is a portion of the Net Cash Surrender Value paid to You while the insured is living and this policy is in effect. Withdrawals are available for up to 90% of the Cash Surrender Value starting in year 2 (50% in year 1). A Withdrawal charge (which is in addition to any processing fee) may be deducted from the Account Value, if any Surrender Charges remain at the time of the Withdrawal. The first Withdrawal in any one policy year is available without a processing fee; a \$25 processing fee applies to the second and subsequent Withdrawals in each policy year. Access to the Account Value through Withdrawals will reduce the policy's ultimate Death Benefit and Net Cash Surrender Value.</p>

## Disclosures

The EGUL5 is issued on policy form series L146 or state variations including all applicable endorsements and riders, 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 Financial® 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.



## Modified Endowment Contract Disclosure Statement

A Modified Endowment Contract (MEC) is a life insurance policy under which the gross premiums paid at any time during the first seven years, or during any 7-year testing period following a material change, exceed the sum of the 7-Pay Premiums (as defined by the Internal Revenue Code) to that time. Also, if you are exchanging a MEC for a new life insurance policy, the new policy will automatically be a MEC regardless of the amount of premiums paid. In addition, payment of premiums in excess of necessary premium as defined by the Internal Revenue Code (IRC), will usually cause a policy to become a MEC.

While this software does not perform the necessary premium test, your plan of insurance, as proposed, will likely fail the statutory test due to the necessary premium test and become a Modified Endowment Contract. Once a MEC you should be aware that:

1. Any cash distributions, Withdrawals or Loans made at any time during the life of the policy (other than death) will be includable in your taxable income to the extent that there is gain in your policy. This includes withdrawals, loans, and unpaid loan interest.
2. Such distributions will also be subject to a 10% penalty tax (on amounts includable as income) unless you have attained age 59 ½, or otherwise meet the narrow requirements of IRC Section 72(v). (If the owner is a corporation, such taxable distributions are always subject to the 10% penalty tax at any time.)

**The information given above is NOT intended as legal or tax advice. For such advice, the taxpayer should consult his/her attorney or tax advisor.**

***I acknowledge that I have read this disclosure statement and understand that the proposed plan of insurance would be a MEC and subject to special tax treatment as outlined above. I further understand that this proposal is not part of the contract and it does not predict actual performance.***

First Insured Owner/Applicant Signature

Second Insured Owner/Applicant Signature

Printed Name

Date

Printed Name

Date

Agent Signature

Agent ID

Printed Name

Date

# Detailed Summary of Proposal

## Important Facts about this Proposal

This proposal shows how this Universal Life Insurance policy works based on the information below and any policy changes assumed in this proposal. It is only an example. The policy will not work exactly as it is shown in this document because the actual values in your policy will vary based on:

- the amount of premium payments made;
- when premium payments are made;
- the actual cost of insurance;
- actual policy expenses;
- Loans, Withdrawals and other policy changes not shown in this proposal;
- the actual rate at which interest is credited to the policy.

Initial Death Benefit*	\$100,000
Initial Death Benefit Option*	1-Level
Initial Annual Premium*	\$3,539.38
7 Pay Premium	\$9,723.99
Target Premium	\$2,649.00
Internal Revenue Code Test:	Cash Value Accumulation Test (CVAT)
MEC Status:	This proposal will very likely become a MEC.
Premium Recovery Endorsement	This policy does qualify for the Premium Recovery Endorsement

\* A Death Benefit Change or Death Benefit Option Change was not included in this proposal. Please be aware that any changes to your policy, including but not limited to planned premium amount, premium mode, premium duration, Death Benefit amount, or acceleration of Death Benefit do not happen automatically and must be requested by the owner (regardless of whether those changes are reflected in this proposal). Please contact your agent or Midland National Life Insurance Company for information regarding changes to your policy.