

Interest related policy changes

Client communications

Index Credit Bonus

Affected policyholders will receive a notification with their Annual Policy Review informing them of the changes made to their policy. The notification will advise the policyholder to speak with their financial professional to understand the impact of the changes.

Income Protection Agreement (IPA) and Income Protection Agreement Flex (IPA Flex)

CA and TX

These states have regulations requiring specific communication to our policyholders that have purchased contracts in either state. We are required to notify each policyholder at least 90 days in advance of this change being implemented. We must include policy-specific information in the notification letter showing the impact of the rate change to the client's policy. An illustration reflective of the changes will be included in the mailing. These letters will be sent in late April 2021.

All other states

Policyholders who purchased contracts with IPA or IPA Flex in states other than CA and TX will receive a notification letter informing them of the changes. The letter will also advise policyholders to speak with their financial professional to understand the impact of the changes. The notification letters will be mailed prior to the changes going live and will be sent out beginning in June 2021.

Additional information

Index Credit Bonus

1. What is the Index Credit Bonus?

- The Index Credit Bonus is an amount that we may calculate and add to the policy accumulation value as a reimbursement of expenses. The Index Credit Bonus is initially credited on the 11th policy anniversary and may continue to be paid every year thereafter. Depending on the product, the bonus is paid either through a “bonus interest credit” payment or is included in the Annual Policy Credit. The amount of this annual credit can be seen in the “Accumulation Value Summary” section of the Annual Policy Review.

2. What is the impact of the Index Credit Bonus on a policy?

- The Index Credit Bonus enhances the policy's crediting potential and can help increase the policy accumulation value.

3. How is the Index Credit Bonus determined?

- The bonus is calculated as a percentage of the past 120 months of previous index credits.

4. What is changing with regards to the Index Credit Bonus?

- The percentage rate that applies to the previous months of index credits will be changing.

5. What will be the impact of the Index Credit Bonus change to policyholders?

- For those policies that have not yet reached the 11th policy anniversary in 2021, policyholders will not see any immediate impact.
- For the policies that will reach the 11th or higher policy anniversary in 2021, the impact of this change will be either a reduced Index Credit Bonus or a reduced Annual Policy Credit.
- In the long term, this change may reduce policy accumulation value and may impact the period of time for which a policy stays in force on a non-guaranteed basis, particularly if a policyholder continues paying their currently scheduled premiums or does not reduce their face amount.
- In addition, the policyholders may see a reduction in the projected accumulation value and supplemental retirement income generated on an in force illustration.

6. What products will be impacted by the Index Credit Bonus change?

- The Index Credit Bonus change will impact policies for 8 IUL products – Balanced Growth Accumulator IUL, Balanced Growth Advantage IUL, Eclipse IUL, Eclipse Protector IUL, Eclipse Survivor IUL, Eclipse Survivor Pro IUL, Omega Builder IUL and Orion IUL.

7. What policies will be impacted by the Index Credit Bonus change?

- The Index Credit Bonus change will impact IUL contracts sold between 2006 and 2019.

Income Protection Agreement

1. What is the Income Protection Agreement (IPA)?

- The IPA allows the owner of the policy to elect the beneficiary to receive all or part of the death proceeds as a stream of payments instead of one lump sum payment. The owner of the policy chooses the following:
 - The percentage of the death benefit to be paid in installments (at least 50% for Omega Builder, at least 25% for all other products)
 - The number of years of installment payments (range of 10 to 30 years)
 - The frequency of installment payments (monthly or annually)
 - The age that installment payments cease (up to 95)

2. Is there a charge for the IPA?

- No, there is no charge for the IPA.

3. What is the impact of adding the IPA to a policy?

- When the IPA is added to a policy, we may decrease the monthly cost of insurance charge. This lower cost of insurance charge is not guaranteed, but the adjustment is intended to reflect the interest we can earn from being able to hold on to the death benefit and pay it out over a stream of payments. This potential for lower cost of insurance charges may improve the policy accumulation value over time.
- In addition, because the death benefit that has not yet been paid will continue to grow with interest, the total benefit paid to the beneficiary could potentially exceed the actual death benefit of the policy.

4. What is the cost of insurance charge?

- The cost of insurance charge is for providing the death benefit of a policy. The cost of insurance charge varies by month and is determined by the policy's face amount, accumulation value, cost of insurance rate, and IPA interest rate. The cost of insurance rate varies with the insured's age, sex, and risk class.

5. What is the IPA interest rate?

- The IPA interest rate is determined by us and is intended to be reflective of the interest rate we are earning on the general account assets backing these products. The IPA interest rate may change at any time.

6. What change are we making with regards to the IPA?

- We are decreasing the IPA interest rate that is used to calculate the cost of insurance charge. In addition, instead of being a single rate, the IPA rate will now vary based on the number of installment years over which the death benefit will be paid.

7. What will be the impact of the IPA rate change to policyholders?

- Policyholders will see an immediate impact in the form of increased monthly cost of insurance charges. Over the long term, this change may reduce policy accumulation value and may impact the period of time for which a policy stays inforce on a non-guaranteed basis, particularly if the policyholder continues paying their currently scheduled premiums or does not reduce their face amount.
- In addition, policyholders may see a reduction in the projected accumulation value and supplemental retirement income generated on an inforce illustration.

8. What products will be impacted by the IPA rate change?

- The IPA rate change will impact policies for 2 IUL products (Eclipse IUL, Omega Builder IUL) and one VUL product (Premier VUL).

9. What policies will be impacted by the IPA change?

- The IPA change will impact IUL and VUL contracts sold between 2013 and 2020.

10. Will we be making the IPA rate change in all states?

- No, we will not be making the IPA rate change in New York at this time.

1. What is the Income Protection Flex Agreement (IPA Flex)?

- Like the IPA, the IPA Flex allows the owner of the policy to elect the beneficiary to receive all or part of the death proceeds as a stream of payments instead of one lump sum payment. The owner of the policy chooses the following:
 - 1 of 3 lump sum options – percentage amount, dollar amount, dollar amount with a fixed annual growth rate
 - The number of years of installment payments (range of 10 to 30 years)
 - The frequency of installment payments (monthly or annually)
 - The age that installment payments cease (up to age 100)

2. Is there a charge for the IPA Flex?

- No, there is no charge for the IPA Flex.

3. What is the impact of adding the IPA Flex to a policy?

- When the IPA Flex is added to a policy, we may increase the Annual Policy Credit. This higher Annual Policy Credit is not guaranteed, but the adjustment is intended to reflect the interest we can earn on the general accounts assets backing the product from being able to hold on to the death benefit and pay it out over a stream of payments. This potential for a higher Annual Policy Credit may improve the policy accumulation value over time.
- In addition, because the death benefit that has not yet been paid will continue to grow with interest, the total benefit paid to the beneficiary could potentially exceed the actual death benefit of the policy.

4. What is the Annual Policy Credit?

- The Annual Policy Credit is an amount we may calculate and add to the policy accumulation value on the policy anniversary. The Annual Policy Credit is not guaranteed and may change at any time. The amount of any Annual Policy Credit can be seen in the "Accumulation Value Summary" section of the Annual Policy Review.

5. How is the Annual Policy Credit determined?

- The Annual Policy Credit is determined by actual and projected factors that take into consideration future estimated or emerging experience, as well as profit considerations. Experience factors that could impact the amount of the Annual Policy Credit include, but are not limited to, accumulation value, interest, index credits, mortality, persistency, policy duration, premiums, policy indebtedness, taxes, expenses, and additional agreements. The IPA Flex is one of the additional agreements that impact the Annual Policy Credit.

6. What is changing with regards to the IPA Flex?

- We are decreasing the IPA Flex interest rate that is used to calculate the Annual Policy Credit.
- The IPA Flex interest rate is determined by us and is intended to be reflective of the interest rate we are earning on the general account assets backing these products. The IPA Flex interest rate may change at any time.

7. What will be the impact of the IPA Flex rate change to policyholders?

- The impact of this change will be a decrease in the Annual Policy Credit. In the long term, this change may reduce policy accumulation value and may impact the period of time for which a policy stays in force on a non-guaranteed basis, particularly if a policyholder continues paying their currently scheduled premiums or does not reduce their face amount.
- In addition, policyholders may see a reduction in the projected accumulation value and supplemental retirement income generated on an in force illustration.

8. What products will be impacted by the IPA Flex rate change?

- The IPA Flex rate change will impact inforce policies for 2 IUL products - Balanced Growth Accumulator IUL and Orion IUL in addition to IUL contracts sold between 2017 and 2019.

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

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods. Variable life insurance products contain fees, such as management fees, fund expenses, distribution fees and mortality and expense charges (which may increase over time). The variable investment options are subject to market risk, including loss of principal.

Product features and availability may vary by state.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

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 fifteen years of the contract. Clients should consult their tax advisor when considering taking a policy loan or withdrawal.

These materials are for informational and educational purposes only and are not designed, or intended, to be applicable to any person's individual circumstances. It should not be considered investment advice, nor does it constitute a recommendation that anyone engage in (or refrain from) a particular course of action. Securian Financial Group, and its affiliates, have a financial interest in the sale of their products.

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues. Securities offered through Securian Financial Services, Inc., member FINRA/SIPC, 400 Robert Street North, St. Paul, MN 55101-2098, 1-800-820-4205.

Securian Financial is the marketing name for Securian Financial Group, Inc., and its affiliates. Minnesota Life Insurance Company and Securian Life Insurance Company are affiliates of Securian Financial Group, Inc.

For financial professional use only. Not for use with the public. This material may not be reproduced in any form where it would be accessible to the general public.

Securian Financial Group, Inc.
securian.com

400 Robert Street North, St. Paul, MN 55101-2098
©2020 Securian Financial Group, Inc. All rights reserved.

DOFU 4-2021