

# Premium Deposit Account Agreement

## Enhance and pay your premiums automatically

The IRS limits the amount of premium you can pay to fund a permanent life insurance policy. If you fund your policy beyond this limit, it becomes a modified endowment contract (MEC), and lifetime distributions may be taxable.

By adding our optional Premium Deposit Account (PDA) Agreement to your policy, you can fund your policy with a single initial deposit without worrying about MEC limits. The PDA funds your policy through a series of fixed payments, and your PDA balance receives interest when these payments are made.

### Benefits of the PDA

- The PDA makes the annual premium payment, so your payments will be made on time automatically.
- By spreading premium payments over the duration of the PDA, you can maintain your policy's tax-advantaged status.
- Because premiums earn a fixed interest rate within the PDA, your premiums paid into the policy will potentially be greater.

### PDA details

- Available on select universal life and whole life products.
- A PDA can only pay premiums for one policy and cannot be established prior to policy issue.
- Minimum deposit of \$5,000 unless the insured is age 17 or under, which requires a minimum deposit of \$2,000 into the PDA.
- Minimums do not include the initial premium payment.
- Must have at least two years of scheduled premium payments paid from the PDA, but no more than 10 years of scheduled premium payments can be paid from the PDA. This does not include the initial premium paid at issue.
- A total of three deposits can be made into the PDA over the life of the contract.



**Talk to your  
financial  
professional  
today**

about how the Premium Deposit Account can help your premium dollars go further.

- The PDA balance earns interest at the time of each premium payment, so you are not investing your money for a return. Interest earned will be taxable as income. We will issue a 1099 each year you earn interest and the PDA is in force.
- PDA interest is dependent on the number of annual planned premium payments from the PDA. The same interest rate is applied for all payments:

| <b>Number of premium payments from PDA</b> | <b>Interest rates for fixed and indexed products</b> | <b>Interest rates for variable products</b> |
|--|--|---|
| 2-7 payments                               | 1.75%  | 1.75%                                       |
| 8-10 payments                              | 2.25%  | 2.25%                                       |

**Example<sup>2</sup>**

- John is a 50-year-old male with a Preferred Underwriting rating and \$100,000 to pay toward an Eclipse Accumulator Indexed Universal Life Insurance policy.
- John wants to keep his policy in force and does not want to have to worry about paying his premium each year. He also does not want his \$100,000 to go into the policy all at once, because it would lose its tax-preferred status.
- John decides the Premium Deposit Account Agreement is the right solution, allowing him to pay his initial premium and deposit the remaining money for the purpose of paying planned premiums over a specified amount of time (in his case, four years). His planned premiums are set at the maximum level allowed by the IRS, which keeps the policy in force, prevents his policy from becoming a MEC and also enhances the policy’s cash value.
- **The total interest credited in the PDA over five years is \$3,444.85, which has been added to his initial \$100,000 deposit and is applied as premium into the policy.<sup>3</sup>**

1. Interest may vary by state. PDA interest is dependent on the number of annual planned premium payments paid from the PDA. The same interest rate is applied for all payments. If paying 11 premiums, one premium must be paid at issue; therefore, a maximum of 10 years of additional premiums may be deposited into the PDA.
2. This is a hypothetical example used for illustrative purposes.
3. Taxes payable on interest credited. Assumes \$100,000 deposit credited at 1.75% interest at time of life insurance premium payment over five annual payments – the initial premium payment and four withdrawn from the PDA.

The Indexed Universal Life Series is designed first and foremost to provide life insurance protection. While the interest crediting options available with these products are attractive for cash value accumulation, your fundamental objective in buying these products should be the peace of mind that the life insurance protection provides to you and your family or business.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods.

Product availability and features 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.

The PDA Agreement is not available in all states and may vary by state, exist under a different name in various states, and may not be available in combination with other agreements. This agreement has restrictions that may result in termination of the agreement prior to the payment of all the planned premiums and may result in the loss of expected interest. Interest credited when used to pay policy premiums will be reported as taxable income to the policy owner. Minnesota Life will reserve the right to terminate the PDA at any point in the future and return the balance of the principal to owner. The PDA Agreement may be subject to additional costs and restrictions.

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

These are general marketing materials and, accordingly, should not be viewed as a recommendation that any particular product or feature is appropriate or suitable for any particular individual. These materials are based on hypothetical scenarios and are not designed for any particular individual or group of individuals (for example, any demographic group by age or occupation). 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. If you are looking for investment advice or recommendations, you should contact your financial professional.

Form Numbers: 12-301 and any state variations; 14-20005 and any state variations; ICC16-20073, 16-20073 and any state variations.

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.

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.

**Not a deposit – Not FDIC/NCUA insured – Not insured by any federal government agency – Not guaranteed by any bank or credit union – May go down in value**



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F76633-1 Rev 4-2021 DOFU 8-2019  
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