Individual Life Insurance
Premium Deposit Account Agreement

Insurance products issued by:
Minnesota Life Insurance Company or
Securian Life Insurance Company

How to fund life insurance with one payment

Whether you're working on a protection- or accumulation-focused strategy with your clients, the Premium Deposit Account (PDA) agreement can help fund their life insurance policy. By making a single deposit, your clients can take tax-advantaged distributions later.

Why use the PDA agreement?

Funding flexibility

By adding the PDA agreement to a policy, clients can fund it with a single initial deposit without losing the tax advantages life insurance provides – and prevent a modified endowment contract (MEC).

Pay the tax now and save

Clients can pay the taxes today at a known rate; fund a life policy via PDA to avoid MEC. Then, they can take tax-advantaged distributions in the future – when tax rates may be higher.[1]

Set it and forget it

After making the initial lump-sum payment, the PDA agreement will automatically make annual payments into the policy on time, so your clients can be confident their payments will be made, and they can maintain their policy's tax advantaged status.

Earn interest along the way

When your clients make a lump-sum payment, it goes into an account that's designated to earn interest at a fixed rate. Each year when the premium payment is made from the PDA, it includes the accrued interest earned.

Number of premium payments from PDA	Interest rates for fixed and indexed products	Interest rates for variable products
2-10 payments	4.50%	4.50%

Don't forget about LIFT

Our Life Insurance as a Financial Tool (LIFT) strategy shows clients how permanent life insurance can help protect their family, provide supplemental retirement income and efficiently pass on their estate.

1. Distributions must be taken after the PDA Account is exhausted. If distributions are taken before then, it would terminate the PDA.

Additional details

Our signature LIFT strategy uses life insurance cash value to supplement retirement distributions, which results in a lower effective tax rate in retirement.

Find out how – download the LIFT financial professional guide: securian.com/lift

The Premium Deposit Account Agreement has restrictions that may result in termination of the agreement prior to the payment of all of 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.

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.

In some states, interest may be paid upon death or PDA termination and will be calculated using the Minimum PDA Annual Interest Rate.

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

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

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.

This material may contain a general analysis of federal tax issues. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties.

This information is provided to support the promotion or marketing of ideas that may benefit a taxpayer. Taxpayers should seek the advice of their own tax and legal advisors regarding any tax and legal issues applicable to their specific circumstances.

The Policy Design chosen may impact the tax status of the policy. If too much premium is paid, the policy could become a modified endowment contract (MEC). Distributions from a MEC may be taxable and if the taxpayer is under the age of 59 ½ may also be subject to an additional 10% penalty tax.

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 subsidiaries, 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.

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