

Help your clients repurpose inherited IRA funds

- Over the next 20 years an estimated \$2.1 trillion in traditional IRA funds will transfer to the heirs of the baby boomer generation.¹
- Most of these funds will have to be taxed and repurposed within ten years of the participant's death.

Beneficiaries are interested in Long-term Care (LTC)

- They are likely in the height of their earning years.
- They may not need extra current income and are looking to repurpose inherited funds.
- They may have just experienced the death of a parent, a parent who may have experienced an LTC event before his or her death.
- They likely have concerns about their own LTC.

Asset Care Annuity Funding Whole Life is a great option

- The 10-pay configuration satisfies the distribution rules of the SECURE Act.
- The tax is spread over 10 years, and there is immediate death benefit and LTC protection.
- The pre-59 ½ tax penalty on early distributions from qualified plans does not apply.
- The annuity portion of the product enjoys a 20% bonus on transferred funds at policy issue.

1. Untangling the Inherited IRA Rules, Baby Boomers and the Impending Transfer of Wealth, CPA Journal, May 2018.

Sam is the designated beneficiary of his father's 401(k) plan.

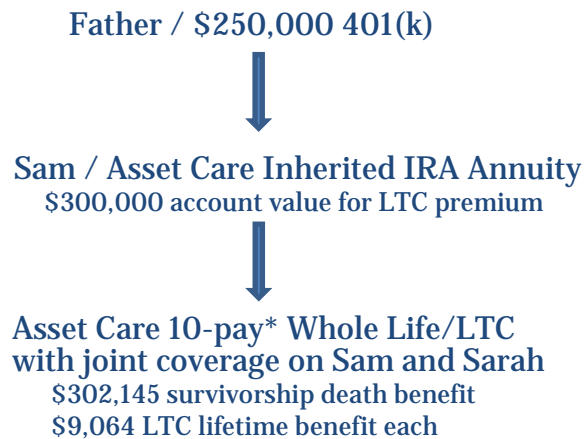
- Sam's father recently passed away after spending a year and a half in skilled care.
- Sam's father's 401(k) balance is \$250,000.
- Sam is age 52 and is married to Sarah, age 51.
- Sam and Sarah both work and both contribute to retirement plans with their employers.
- The couple does not need extra current income.
- The couple is concerned about their own LTC.

Repurposing to Asset Care Annuity Funding Whole Life accomplishes the following:

- \$302,145 tax free death benefit for heirs.
- \$9,064 monthly LTC benefit for Sam.
- \$9,064 monthly LTC benefit for Sarah.
- Lifetime LTC coverage with Continuation of Benefits rider that has 3% inflation protection.*

*Asset Care Annuity Funding Whole Life, illustrated March 2021 for sale in Indiana, Male and Female standard, non-smoker rating. This is not an offer of coverage

The annuity funding whole life process



* The income tax on \$300,000 is spread over 10 years as Sam will have \$30,000 of taxable income each year for 10 years from the annuity distributions that pay the annual whole life/LTC policy premium. The 10-pay configuration satisfies the inherited IRA required minimum distribution rules. Because the distributions are made on account of the original participant's death, the 10% premature withdrawal penalty does not apply regardless of the beneficiary's age.

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