

# Optimize inherited IRA distributions for long-term care protection

Recent changes in the SECURE Act (Setting Every Community Up for Retirement Enhancement Act) means that after inheriting an IRA, there is less time for fund growth and fewer options. Take advantage of the 10-year required distributions for long-term care protection.



## Meet Melissa

Married, age 55

- Melissa and her husband have two children in college.
- Recently inherited her father's \$500,000 IRA.
- Past experience with father requiring LTC services.

### \$500,000 INHERITED IRA DISTRIBUTIONS FOR 10-YEAR PERIOD

#### Income before taxes

\$50,000 annually

#### Income after taxes

\$36,500 annually

These numbers are based on hypothetical examples. Assuming 24% federal tax rate, 3% state tax rate and 0% rate of return while taking distributions.

Assumptions: Female, age 55, "couples discount" underwriting class. *MoneyGuard Market Advantage*®, assuming a \$10,000 annual premium paid for 10 years. Assumed historical returns from 2001 through 2022 with 80% allocated to the LVIP SSGA S&P 500 Index Std with a current management fee of 23 bps and 20% allocation to the LVIP Delaware Bond Fund Std with a current management fee of 37 bps. With 0% gross/-0.26% net rate of return (current charges) at age 85 Melissa would have the following benefits available: Total LTC benefit of \$188,389; Max monthly LTC benefit of \$3,925; Death benefit of \$94,198.

This scenario is purely hypothetical as *MoneyGuard Market Advantage*® did not exist for most of the period illustrated. The purpose is to show how the actual performance might impact death benefit and Long-Term Care Benefit Rider values through the policy.

## Allocate inherited IRA income for LTC

If Melissa uses \$10,000 annually for 10 years from the distributions from her inherited IRA to purchase a *MoneyGuard Market Advantage*® policy, she can create a way to receive tax-advantaged long-term care reimbursements with new unplanned income.

### BENEFITS AT AGE 76<sup>1</sup>

#### Accumulation Value

\$222,948

#### Long-term care benefits

\$13,306

Max Monthly LTC

#### Death Benefit

\$354,488

\$891,793

Total LTC Benefit Limit

67 months

Total LTC Duration

### AFTER AGE 76

Melissa will have used \$100,000 of her inherited IRA to fund over \$850,000 in long-term care benefits while also keeping the remaining \$265,000 from the IRA as income.

In the event she does not need care, her kids as designated beneficiaries would receive an income tax-free death benefit of more than \$350,000 that, unlike an inherited IRA, is not subject to the 10-year distribution rule.

<sup>1</sup> Historical returns 2001–2022 (LVIP SSGA S&P 500 Index Std – 80%, LVIP Delaware Bond Fund Std – 20%).

Insurance products issued by:  
The Lincoln National Life Insurance Company



Contact your *MoneyGuard* representative to learn more about creating strategies that leverage unplanned income for long-term care protection.

Quoted performance data represents past performance. Current performance may be lower or higher than the performance data quoted. Please keep in mind that double-digit and triple-digit returns are highly unusual and cannot be sustained. Investors should also be aware that some returns were primarily achieved during favorable market conditions. Return and principal value may fluctuate so when withdrawn it may be worth more or less than the original cost. Past performance is no guarantee of future results.

**Insurance products issued by:**

The Lincoln National Life Insurance Company

**Lincoln variable universal life insurance is sold by prospectus. Carefully consider the investment objectives, risks, and charges and expenses of the policy and its underlying investment options. This and other important information can be found in the prospectus for the variable universal life policy and the prospectuses for the underlying investment options. Prospectuses are available upon request and should be read carefully before investing or sending money. For current prospectuses, please call 800-444-2363 or go to [www.LincolnFinancial.com](http://www.LincolnFinancial.com).**

With variable products, policy values will fluctuate and are subject to market risk and to possible loss of principal. Products, riders and features are subject to state availability. Limitations and exclusions apply. Lincoln Financial Group® affiliates, their distributors, and their respective employees, representatives and/or insurance agents do not provide tax, accounting or legal advice. Please consult an independent professional as to any tax, accounting or legal statements made herein.

**All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company.** They are not backed by the broker-dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer. We will not deny benefits for pre-existing conditions. This does not preclude us from exercising other remedies available at law, in equity or in contract because of misrepresentations. A pre-existing condition means a condition for which medical advice or treatment was recommended by or received from a provider of healthcare services within 6 months preceding the effective date of coverage of an insured person.

*MoneyGuard Market Advantage*® is a variable universal life insurance policy with a Long-Term Care Benefits Rider (LTCBR) that accelerates the specified amount of death benefit to pay for covered long-term care expenses and continues long-term care benefit payments after the entire specified amount of death benefit has been paid. Any surrender benefit provided will be adjusted by any loans/loan interest/loan repayments, withdrawals taken, and claim payments made. The cost of riders will be deducted monthly from the policy accumulation value. The insurance policy and riders have limitations, exclusions and reductions. Renewability, Termination and Cancelability: The LTCBR is noncancelable. This means you have the right, subject to the terms of your policy and rider(s), to continue this rider as long as your policy stays in-force. The Lincoln National Life Insurance Company cannot change any of the terms of your policy and rider(s) on its own and cannot increase the monthly rider charges or monthly inflation charges. If your policy enters a grace period, we will allow 61 days to pay a premium sufficient to prevent your policy from lapsing. The Long-Term Care Benefit Rider may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner. For costs and complete coverage details, contact your financial professional.

***MoneyGuard Market Advantage*® is issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, on Policy Form ICC20-MGV892/20-MGV892 with a Long-Term Care Benefits Rider (LTCBR) on Rider Form ICC20LTCBR-892/LTCBR-892, a Value Protection Rider on Form ICC20VPR-892/VPR-892 and a Benefit Transfer Rider on Form ICC22BTR-895/BTR-895. Distributed by Lincoln Financial Distributors, Inc., a broker-dealer.**

The LTCBR is intended to be a qualified long-term care insurance contract under Section 7702B(b) of the Internal Revenue Code. Your Specified Amount is the amount used to determine the amount of death benefit and the amount of Long-Term Care Benefits Rider benefits. You will select the Initial Specified Amount of death benefit on the application.

The insurance policy and riders have limitations, exclusions and reductions; and are subject to medical underwriting. Long-term care benefit riders may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner. For costs and complete coverage details, contact your agent or producer. A version of Lincoln Concierge Care Coordination is guaranteed for Lincoln *MoneyGuard*® Solutions policyowners. However, the tools, resources and services may change or evolve over time.

For broker-dealer use only. Not for use with the public.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

©2024 Lincoln National Corporation

[LincolnFinancial.com](http://LincolnFinancial.com)

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

Affiliates are separately responsible for their own financial and contractual obligations.

LCN-5778988-062823

PDF ADA 2/24 **Z02**

Order code: **MG-SEC-FLI001**

