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The SECURE Act

Sales idea: An opportunity for inherited qualified funds

On December 20, 2019, Congress passed into law provisions from the Setting Every Community Up for Retirement Enhancement (SECURE) Act. This landmark legislation provides the most significant changes to the retirement industry in more than a decade and makes investing for retirement more accessible to millions of Americans.

How does this impact long-term care planning?

First, the legislation eliminates the concept of "stretch IRAs," which extended the tax-deferred status of an inherited IRA when it passed to a non-spouse beneficiary. The beneficiary could "stretch" the life — and the associated tax advantages — of an IRA over decades. Under the new law, non-spouse beneficiaries are required to take out all funds from their inherited IRA within 10 years of the death of the original account owner.

Second, due to increased life expectancies, Required Minimum Distributions (RMDs) aren't required to be taken until age 72, up from 70½.

Asset Care Qualified Money strategy

Do you have clients expecting to inherit qualified funds who are unsure of how to reposition their required RMDs? Use Asset Care Annuity Funding Whole Life to help turn an inherited, taxable part of an estate into a tax-free income stream to pay for qualified long-term care!

- Encourage a **direct rollover** of the inherited account into Asset Care Annuity Funding Whole Life.
  - — A 10% income base bonus is applied, so each $1 "spends" like $1.10!
- Distributions are taxable, but **automatically spread** over the newly required 10-year period.
  - — There's no 10% penalty if the inherited IRA contract owner is younger than age 59½.
- You can even **add a spouse** to the protection so both can benefit.
- Use the **Lifetime Continuation of Benefits** to reposition the inherited funds and create tax-free distributions for qualifying LTC services… for LIFE!

Note: *"SECURE Act Basics: What Everyone Should Know;" https://www.kiplinger.com/article/retirement/t037-c032-s014-secure-act-basics-what-everyone-should-know.html. March 24, 2020. • Only applies if owner dies after 2020 • If an owner inherits the IRA from someone other than his/her spouse, different rules may apply.*

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Asset Care Annuity Funded Whole Life
An **IRA Gifting Strategy**

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Joint contract, 60 & 60 (Child and Spouse)

80 year old mom - $150,000
(owner of IRA)

Transfer from current company to OneAmerica

80 year old mom - $150,000 (owner of IRA) + **$15,000** (10% Bonus) = **$165,000**

$16,500 per year
10 year Annual Distribution funding
10 Pay Base and Rider

$164,654 *D.B./LTC benefit* | **Lifetime**

- 60 year old son & 60 year old daughter-in-law – Joint Contract
- **$59,280 per year for LTC expenses for Lifetime – EACH**

- **Mom pays taxes in her tax bracket (lower)**
- **Counts toward her $15,000 annual gift**
- **Son is owner of life policy**
- **Creates $59,280 per year EACH for son and daughter-in-law and lifetime LTC coverage tax free**
- **Creates a life insurance policy for grandchildren as beneficiaries**
- **No need to wait to inherit the money before getting LTC policy**