

How to Defer RMDs with QLAC & DIA

PROBLEM: IRA Required Minimum Distributions (RMD) may be required but not desired. Clients may prefer to defer payouts and related taxes.

SOLUTION: A Deferred Income Annuity (DIA) bought as a Qualified Longevity Annuity Contract (QLAC) delays RMD payouts and taxes past RMD age.



Delay: Up to Age 85 | **Amount:** Up to \$200,000 Qualified Pre-Tax Funds² | **Payouts:** Life Only ■ Life with Cash Refund ■ Individual or Joint
Access: No Surrender Value/ No Commutation | **Death Benefit³:** Optional Return of Premium During Deferral ■ Cash Refund in Payout Period

Issuers: Integrity Life Insurance Company | National Integrity Life Insurance Company

Get More Facts on QLACs...

QLAC: It Can Pay to Delay

QLACs: Know the Facts

It Can Pay to Delay
Grow Protected Lifetime Income While You Defer RMDs

In your mind's eye, you're looking toward how to help safeguard your retirement standard of living for many years ahead? A **deferred income annuity (DIA)** provides protected lifetime income in the future. While the income stream can be started as soon as 31 months after purchase, it also can be delayed for a long time (40 years in some cases). **Bottom line: The longer the deferral period, the larger the income payout amount.**

QLACs Bring Added Advantages
A **qualified longevity annuity contract (QLAC)** is a special type of DIA. It allows traditional IRA owners and defined contribution plan participants to ignore the QLAC funds in those accounts when calculating their RMDs. **As long as the QLAC distributions are delayed, the associated Required Minimum Distributions (RMDs) and taxes are too.**

Reasons why a QLAC stands out for modern retirees include:

1. No other qualified retirement product allows you to defer the start of your guaranteed income payments to as late as age 85.
2. It's the only way to defer RMDs past your RMD age.

RMD Age	
Born in 1950	Remains at 72
Born 1951-1959*	73
Born 1960 & later*	75

Help prepare for a long and comfortable retirement with the tax efficiency and longevity protection advantages of a QLAC.

*Federal taxable needed to effect a rollover transfer.

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QLAC: FAQ Quick Reference

QLACs: Quick Reference

Financial Professional FAQs

IncomeSource Select DIA (deferred income annuity) is available to your clients as a QLAC (Qualified Longevity Annuity Contract). Offering a QLAC can be a useful strategy for those who seek to reduce or delay their RMDs, required minimum distributions and the taxes that accompany them.

Given today's longer lifespans, this opportunity merits serious consideration for the millions of persons nearing, or in, retirement.

Clients can grow their protected lifetime income amount by deferring RMDs with the purchase of a QLAC. The rules for doing so are not simple. Consult this quick reference to better understand how to employ this timely retirement income planning approach.

What's a QLAC?
It's a special type of deferred income annuity (DIA). A DIA provides protected lifetime income starting in the future. A QLAC allows income from a traditional IRA to be deferred from taxation beyond RMD age without running afoul of the RMD rules.

How does it work?
A DIA (including a QLAC) works much like a qualified annuity (single premium immediate annuity) — except that the payments do not begin for at least 31 months and may be deferred up to age 85. The income date is selected at issue. Income payments will be made provided the annuitant is alive at the income start date. If no annuitant survives, no income payments will be made, and no other benefits provided, unless the contract has elected a return of premium (ROP) death benefit. Funds in an IRA can be transferred tax-free to the insurance carrier for the purchase of a QLAC.

The account value of the QLAC is disregarded for purposes of calculating the client's RMDs. A QLAC has to meet many requirements, but it can help address longevity risk by reducing the probability of outliving savings by providing an income stream in the later stages of retirement.

How long can income payments — and thus RMDs — be delayed?
Distributions must begin no later than the first day of the month following the annuitant's 85th birthday. The longer the deferral period, the larger the income payout amount.

Can a client access the funds?
No. A QLAC does not have any cash surrender value or commutation benefit. QLACs may allow limited changes to the income date and payment frequency.

What IRS reporting applies to QLACs?
Insurance carriers will report to purchasers and the IRS using Form 1099-Q, Qualifying Longevity Annuity Information. Form 1099-Q must be furnished to individuals by January 31 of the year following the first year of purchase and every following year while the QLAC is in existence.

Contributions
How much can be contributed?
It depends. For contracts purchased or exchanged after 12/31/2002, contributions are limited to 200,000 (subject to annual cost-of-living adjustments), less premiums for other QLACs. This limit applies across all qualified funds.
For older contracts, contributions are limited to the lesser of either \$15,000 (subject to annual cost-of-living adjustments) or 2% of qualified funds, less premiums for other QLACs, again, this dollar limit applies across all qualified funds. The 2% limit applies to each qualified plan separately based on its most recent valuation date. It applies to IRAs on an aggregate basis as of the prior December 31. Both IRAs and inherited IRAs are excluded.

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QLAC: Slow Me the Money

QLACs: Know the Facts

Slow Me the Money ... and Taxes!
QLAC Can Defer RMDs & Delay Taxes Up to Age 85

RMDs: Required ... But Not Desired
Diligent savers often prefer taking retirement income on their terms. You know such clients. After steadily growing qualified fund balances over decades, come retirement, they're quite comfortable living within their means. Preserving a nest egg suits them better than cracking open a portion to taxes any sooner than necessary.

Wanted or not, Uncle Sam says RMDs must begin by age 73. Fortunately, a **qualified longevity annuity contract (QLAC)** — established as a deferred income annuity (DIA) such as **IncomeSource® Select** — offers an attractive strategy for slowing RMDs and the taxes that come with them.

How Slow Can You Go?
A QLAC is unique. No other qualified retirement product permits the start of guaranteed income payments to be deferred past RMD age. Key points:

- **Payments:** Can be delayed as late as **age 85** birthday.
- **Contributions:** Up to **\$200,000** of qualified pre-tax funds can be contributed lifetime!
- **Payment Options:** Life Only or Life with Cash Refund — Individual or Joint.
- **Access:** No cash surrender value. No commutation benefit.
- **Death Benefit:** Only with Return of Premium option (during deferral) and Cash Refund (in payout!)

Why Buy a QLAC?

- The only way to defer qualified money beyond RMD age.
- Removes QLAC purchase amount from RMD calculations in the interim.
- The longer the DIA deferral period, the larger the income payout amount produced.
- Purchasing LTC insurance at older ages may not make economic sense. QLAC locks in future income stream to supplement income and delay assisted living/nursing costs, if needed.

Why Sell a QLAC?

- Provides contact opportunity for older clients heavily weighted in qualified assets.
- Helps put "just in case" qualified money in motion.
- For clients who dislike RMDs, offers compelling approach by protecting a portion of qualified funds.
- Cash refund provides "live on" money if needed someday, otherwise "leave on" money for beneficiaries.

IncomeSource Select: Your Added Advantage
Consider a DIA that boosts long-term confidence backed by long-term credentials, issued by companies with very strong ratings for financial strength and stability.

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[WSFinancialPartners.com/contact](https://www.wsfina.com/contact)

1. For persons born 1951-1959. Age 75 if born 1960 and after.
2. QLAC limit if bought or exchanged after 12/29/22. Increases in future years for COLA.
3. Contracts with ROP death benefit option have lower income payouts than those without it.

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A deferred income annuity is permanent. Owner has no access to premium, which converts to an income payout stream if at least one annuitant is alive on the Income Date. There is no cash value and the annuity can't be surrendered. Contract terms, such as payment amount and frequency, cannot be changed, except under limited circumstances as described in the contract. A deferred income annuity should not be purchased if access may be needed to any of the premium for living expenses or other purposes. If a payout for life or two lives is selected, whether the payout received will be greater or less than the premium paid will depend on how long the annuitant(s) lives. Payment of benefits under the annuity contract is the obligation of, and is guaranteed by, the insurance company issuing the annuity. Guarantees are based on the claims-paying ability of the insurer. Products are backed by the full financial strength of Integrity Life or National Integrity Life. Earnings and pre-tax premium payments are subject to income tax at withdrawal. Withdrawals may be subject to charges. Withdrawals from an annuity are subject to ordinary income tax and, if taken before age 59½, may be subject to a 10% IRS penalty. Neither Integrity Life, National Integrity Life nor their agents offer tax advice. Distributions to beneficiaries from IRAs are subject to income tax as received. For specific tax information, consult an attorney or tax advisor. Product and feature availability, as well as benefit provisions, vary by state. See product details and limitations. Flexible Premium Deferred Paid-Up Annuity Contract Series ICC17 ENT-04 1708 and ENT-04 1708 NY and endorsements ICC17 EE.32-36 1708.

No bank guarantee • Not a deposit • May lose value • Not FDIC/NCUA insured • Not insured by any federal government agency

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