CUNA MUTUAL GROUP

Inherited IRAs and Tax-Qualified Plans

OPPORTUNITY CONCEPT

» Beneficiaries of inherited IRAs and tax-qualified employer retirement plans have options for either accessing proceeds or continuing to defer taxes on the inherited account.

» Former laws permitting beneficiaries to withdraw Required Minimum Distributions (RMDs) over their life expectancy, referred to as a "stretch" opportunity, have been limited by the SECURE Act of 2019 in favor of an extended 10-year deferral period for most beneficiaries to withdraw the entire inherited balance.

IDEAL CUSTOMER

» Individual beneficiaries of IRAs or tax-qualified employer retirement plan accounts. *Note: Non-person beneficiaries, such as charities, trusts, or other entities, may not select extended distribution period options. Non-person beneficiaries are usually limited to a 5-year distribution period.

DESCRIPTION

» Beneficiaries inheriting IRAs or tax-qualified retirement plan accounts are required to distribute the inherited account proceeds within defined time frames. The options available to individual beneficiaries are:

1. Lump-sum payout (beneficiaries always have the option to distribute faster, but may sacrifice tax efficiency)
2. Full payout within 10 years (this is the default option if the beneficiary makes no election). The account balance must be liquidated by the end of the 10th year following the original owner's death.
3. Eligible designated beneficiaries can elect systematic distributions over their lifetime if they begin RMD distributions using beneficiary life expectancy or lifetime payment options by the end of the first year after death. This is the "stretch" option allowing continued tax-deferred growth on the inherited account.

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Stretch distributions over a beneficiaries life expectancy is available to:

a. Surviving spouse

b. Minor child of the original owner (until age of majority, then 10-year deferral period)

c. Chronically ill or disabled beneficiary, or

d. Anyone not more than 10 years younger than the decedent owner

IMPLEMENTATION PLAN

» Eligible designated beneficiaries who want to defer distributions and associated taxation the longest must establish an Inherited IRA with themselves as named beneficiary and begin annual RMDs by the end of the year following year of death.

» You can assist the beneficiary in rolling over into an Inherited IRA account for their benefit from the deceased owner's IRAs or tax-qualified retirement plan accounts for ease and tracking of distribution requirements.

YOUR PRODUCT CONNECTION:

CUNA Mutual Group annuities can help you determine if the beneficiary is an eligible designated beneficiary for lifetime payout, or if liquidation within a shorter time period is required.

Our Registered Index-Linked Annuity (MEMBERS® ZONE annuity) is an RMD-friendly solution providing access to growth while limiting potential for loss and can be used as a life expectancy distribution beneficiary contract.

TIPS FROM NEW BUSINESS:

Complete a new application and related paperwork, plus;

» Beneficiary IRA Disclosure - CLS-521(ML)

» Transfer/Rollover to Beneficiary IRA Request - CLS-520(ML)

» Beneficiary Life Expectancy Withdrawals - CLS-381MZA(ML)

» State replacement form (if applicable) when funds are in an existing Inherited IRA or Inherited Roth IRA

CALL CUNA Mutual Annuity Sales Team:

877.345.GROW (4769), Option 1

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IMPORTANT DISCLOSURES

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