



# Non-Qualified Annuity

## After-Death Distributions



### OPPORTUNITY CONCEPT

- » Beneficiaries of non-qualified annuities have options for either accessing death proceeds or choosing to elect payments over their lifetime, stretching out the tax implications over a period of years. This is known as a non-qualified stretch.



### IDEAL CUSTOMER

- » Beneficiaries receiving death proceeds from non-qualified annuity contracts.



### DESCRIPTION

- » Under the non-qualified annuity rules, non-spouse beneficiaries must make an election to receive the proceeds following the death of the owner in one of the following ways:
  1. Lump-sum payout (the beneficiary always has the option to distribute faster, but may sacrifice tax efficiency).
  2. Defer payment for up to 5 years (this is the default option if the beneficiary fails to make a timely election).
  3. Non-qualified stretch: The beneficiary will receive annual distributions based on his or her life expectancy reduced by 1 each subsequent year. The account balance for determining the annual payments is initially determined at the time of first payment and, for each year thereafter, it is the balance as of December 31.



## IMPLEMENTATION PLAN

- » Beneficiaries who want the longest distribution and taxation deferral must begin annual distributions by the first anniversary date of the decedent's death. Each year following, the annual payment must be taken by December 31 of each subsequent year.
- » This can be particularly advantageous to beneficiaries who have a significantly longer life expectancy than the original owner, such as next generation beneficiaries.



### YOUR PRODUCT CONNECTION:

CUNA Mutual Group annuities can provide an easy payout option to automatically meet required distributions. Our Registered Index-Linked Annuity (MEMBERS® ZONE annuity) is a Required Minimum Distribution (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

- » Non-Qualified Beneficiary Annuity Contract Disclosure - CLS-523(ML)
- » 1035 Exchange Request for Non-Qualified Beneficiary Contract - CLS-522(ML)
- » Non-Qualified Beneficiary Life Expectancy Withdrawals - CLS-524MZA(ML)
- » State Replacement form (if applicable) when funds are in an existing Non-Qualified Beneficiary Contract

### Call CUNA Mutual Annuity Sales Team:



877.345.GROW (4769), Option 1



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

# CUNA MUTUAL GROUP

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