

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 (73 if you reach age 72 after Dec. 31, 2022*).

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.
 - An income base bonus is applied, so you get an increased benefit for each dollar.
- 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.

*Based on the Secure Act 2.0 of 2022, RMD distributions vary based on the individuals date of birth, falling somewhere between age 70½ and 75.

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Note: Products issued and underwritten by The State Life Insurance Company® (State Life), Indianapolis, IN, a OneAmerica company that offers the Care Solutions product suite. Asset Care Form number series: ICC18 L302, ICC18 L302 JT, ICC18 R537, ICC18 R538, ICC18 R532, ICC18 R533, ICC18 SA39 and ICC18 R540. Not available in all states or may vary by state. All factors should be weighed before replacing an existing life insurance or annuity. Life insurance should be purchased by individuals that have a need to provide a death benefit to protect others with insurable interests in their lives against financial loss. Life insurance is not a retirement plan, investment, or savings account. Provided content is for overview and informational purposes only and is not intended as tax, legal, fiduciary, or investment advice.

Important Note: For annuities funding life insurance, the annuity values and the ability of the annuity to pay the premiums on the life insurance policy may be affected by, but not limited to, federal/state tax withholding, withdrawals, distributions, such as required minimum distributions, and other reductions of the annuity values.

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