GUIDELINES FOR IRA BENEFICIARIES UNDER THE SECURE ACT

Effective for owner death occurring on or after January 1, 2020

IRA BENEFICIARIES FALL INTO ONE OF TWO CATEGORIES:

Eligible Designated Beneficiary

- Spouse of the deceased IRA owner
- Disabled person (discuss eligibility with your tax advisor)
- Chronically ill person (discuss eligibility with your tax advisor)
- Beneficiary who is not more than 10 years younger than the deceased IRA owner

Ineligible Beneficiary

- Anyone not meeting one of the four categories above

DEATH CLAIM OPTIONS AVAILABLE FOR IRA BENEFICIARIES

Eligible Designated Beneficiary Options

- Lump Sum
- Payment plan with a fixed period of 5-20 years not to exceed life expectancy; may add a life option
- Leave the proceeds on deposit with EquiTrust for up to 10 years at a rate of 1.00%
- Stretch IRA, which allows the beneficiary to continue the current contract provisions on the existing deferred annuity.
  - Proceeds are "stretched" over the beneficiary's lifetime
  - RMDs are required, using the pre-SECURE Act stretch rules and tables

Ineligible Beneficiary Options

- Lump Sum
- Payment Plan with a fixed period of 5-10 years; no life options are available
- Leave the proceeds on deposit with EquiTrust for up to 10 years at a rate of 1.00%
- Inherited IRA, which allows the beneficiary to continue the current contract provisions on the existing deferred annuity.
  - The proceeds must be distributed or taxed by 12/31 of the 10th year after Owner death. EquiTrust's Partial Tax Conversion program is available to spread the taxation over time by gradually converting to Non-Qualified funds on a schedule of your choosing, up to the 10th year after death.
  - If the deceased IRA owner had begun RMDs prior to death, the ineligible designated beneficiary must continue taking RMDs based on the longer of 1) the original RMD calculation or 2) the single life calculation for the beneficiary.
  - Surrender charges and MVA may apply upon distribution.

ADDITIONAL NOTES

- For a Stretch contract already established where the beneficiary dies in 2020 or later, the subsequent beneficiary is subject to the SECURE Act rules.
- Inherited Roth IRAs follow the same new rules as inherited Traditional IRAs.
- There are no tax-rule changes impacting non-qualified contracts.

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