



## FARMERS LIFE INSURANCE COMPANY

# Guidelines for IRA Beneficiaries Under the SECURE Act

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

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### 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

- Adult children, relatives and anyone not meeting one of the five categories above

*Farmers Life Insurance Company currently only offers Non-Spousal Inherited IRAs to Ineligible Beneficiaries.*

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### Non-Spousal Inherited IRA Death Claim Options

- Lump sum
- Payment plan with a fixed period of 5-10 years; no life options are available
- Proceeds remain on deposit with Farmers Life Insurance Company 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's death. Farmers Life Insurance Company offers full and partial Roth conversions 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 the original RMD calculation or the single life calculation for the beneficiary.
  - ◇ Surrender charges and Market Value Adjustment may apply upon distribution.

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### Additional Notes

- Inherited Roth IRAs follow the same new rules as inherited Traditional IRAs.
- There are no tax-rule changes that impact Non-Qualified contracts.

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