

Deferred Income Protectorsm

Qualified Longevity Annuity Contract FAQs



Q: What is a Qualified Longevity Annuity Contract (QLAC)?

A: In July, 2014 the U.S. Department of Treasury and the IRS issued final regulations regarding qualified longevity annuity contracts (QLAC). A QLAC is a deferred income annuity – like Deferred Income Protectorsm – that pays a guaranteed income designed to begin at an advanced age, such as 80 or 85.

Q: What types of contracts are eligible to be issued as a QLAC?

A: The following qualified contracts are allowed to be issued as a QLAC: 401(a), 401(k), 403(b), 457(b), and IRA's.

Q: What are the issue ages available under a QLAC?

A: A QLAC can be issued at ages 40 to 75.

Q: Are there premium restrictions on a QLAC?

A: Purchase payments are limited to the lesser of:

- a) \$130,000 (subject to IRS cost-of-living adjustments in future years) less purchase payments paid for another other QLAC contract.
- b) 25 percent of all IRA account balances owned by the proposed Owner/Annuitant less purchase payments paid for another other QLAC contract.

Q: Will the premium restrictions change?

A: The regulations state that the \$130,000 limit can change in the future due to cost-of-living adjustments. The dollar limit can increase in \$10,000 increments.

Q: Can I add premiums in the future?

A: Yes. Additional premiums may be added as long as they do not exceed the premium limitations previously identified. If it is determined that the contract fails to satisfy the QLAC purchase payment limits above, then the contract is not a QLAC beginning on the date that the excess purchase payment is made, unless the owner moves the excess contribution to another IRA established for the benefit of the owner in accordance with applicable income tax regulations or receives a cash refund (which may be a taxable event).

Q: What Income Options are available with a QLAC?

A: Single Lifetime Income Only
Single Lifetime Income with Cash Refund
Joint Lifetime Income Only
Joint Lifetime Income with Cash Refund

Q: Is there a death benefit available with a QLAC?

A: If the income option selected includes a cash refund, the death benefit is a return of purchase payments less any income payments received. Otherwise, there is no death benefit.

Q: How long can I defer the Income Start Date?

A: The income start date can begin as early as 2 years or as late as 40 years from the purchase date, but must be no later than the first day of the month following the Owner/Annuitant's 85th birthday.

Q: Is there an impact to the Required Minimum Distribution (RMD) rules?

A: Yes. The QLAC regulations allow for the value of the QLAC to be excluded from the account balance used to determine RMDs.

Q: Does a QLAC include cash value or surrender value?

A: No. Deferred Income Protector has **no cash value or surrender value**. This contract does not provide access to funds prior to the income start date, other than payment of the death benefit, if any.