

Minimizing RMD income

Using a *Lincoln Deferred Income Solutions*™ Annuity

Focusing on income deferral

Have you started RMD planning with your qualified account holders? If not, look to Lincoln for the expertise to help build an effective strategy. If you have clients interested in minimizing their RMDs from traditional IRA accounts, using a *Lincoln Deferred Income Solutions* (DIS) Annuity as a qualifying longevity annuity contract (QLAC) can help them accomplish their goal.¹ See how it works.



Andre Botha is a 70-year old male who does not need the RMD income from his \$500,000 traditional IRA. By using \$130,000 of his qualified money to fund a Lincoln DIS Annuity contract, he is able to defer a portion of his RMDs until age 85. The table below illustrates Andre's putting \$130,00 of his \$500,000 traditional IRA into the DIS annuity which will allow him to defer over \$72,000 of RMDs over 15 years.

Traditional IRA		Defer RMDs	
RMDs from \$500,000	\$278,694	Lincoln DIS Annuity qualifying longevity contract	\$130,000
<p><small>This table is for illustrative purposes only. RMD calculations may be different under special circumstances. The IRA does not assume a growth rate. A Lincoln QLAC uses the life with cash refund annuity payout option.</small></p>		Traditional IRA	
RMDs from \$370,000		\$206,233	

Why defer RMDs with a Lincoln DIS Annuity?

- Andre was able to reduce his RMD income by just over \$70,000
- Deferring RMDs allows Andre to defer paying \$17,390 in taxes.²
- If Andre passed away while deferring income his beneficiary would receive his \$130,000 premium.

¹ Qualifying Longevity Annuity Contract (QLAC), as defined under Q&A-17 of section 1.401(a)(9)-6 of the Income Tax Regulation. Limits apply to initial and subsequent premiums at the time of a contribution to the QLAC, and the IRA account balances are determined based on the balances of all IRA accounts on December 31 of the year prior to the year of the contribution.

² The tax rate used is 24%.

Insurance products issued by:

The Lincoln National Life Insurance Company

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Contact your representative to see how a *Lincoln Deferred Income Solutions Annuity* may be part of an effective RMD strategy.

Not deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

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Income taxes are due upon withdrawal and if withdrawn before age 59½, an additional 10% federal tax may apply.

There is no additional tax benefit for contracts purchased in an IRA or other tax-qualified plan, since these are already afforded tax-deferred status.

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