REIMAGINE YOUR RMD STRATEGY

THE BEST OF BOTH WORLDS
SATISFIES RMDs & LEAVE A LEGACY

Many of your clients tell you that they have enough income for retirement, and they would prefer to pass along their current assets to their loved ones. Whether or not they want the income, they will be forced to take distributions from qualified accounts in retirement, but you can provide your clients with the best of both worlds, satisfied RMDs while still leaving a legacy for loved ones.

When retirement assets are in IRAs and other qualified accounts, that means required minimum distributions (RMDs) will come into play, if they have not already. **RMDs must be taken by April 1 in the year after a client turns 73.** They increase by age because RMDs intend to drain a qualified account over one's life expectancy.

Take a look at the table. The first year of RMDs is equal to 3.78% of the qualified account balance(s). When a person reaches age 76 the RMD becomes 4.22% and then rises to 4.96% at the age of 80 before hitting 8.20% for a 90-year-old. It is easy to see how **an account could deplete and lose its ability to leave a legacy for loved ones over time**.

AGE	RMD as a % of Account Balance
73	3.78%
74	3.93%
75	4.07%
76	4.22%
77	4.37%
78	4.55%
79	4.74%
80	4.96%
81	5.16%
82	5.41%
83	5.65%
84	5.96%
85	6.25%
86	6.58%
87	6.95%
88	7.30%
89	7.76%
90	8.20%

Percentages calculated using the New Uniform Lifetime Table effective in 2022 from IRS Publication 590-B, Table III

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ALL THE WORK FROM **HALF** THE PORTFOLIO

You can offer your clients a better, more efficient way to take their RMDs by showing them that they have the ability use half of their retirement funds to satisfy their full RMD. That may be possible through an indexed annuity with an income rider.

Client is **73 years old** and has **$200,000** in IRA

Reposition **$100,000** into a Fixed Indexed Annuity

Remaining **$100,000** continues to grow

The **RMD** would be **3.78%** of **$200,000**

$7,560

Let's look at a client who is age 73-year-old and has $200,000 in an IRA. You can reposition $100,000 of their IRA and put it into an indexed annuity with an income rider while the remaining $100,000 can continue to grow. In this case, the RMD would be $7,560 (3.78% of $200,000). By selecting an indexed annuity with an income rider that potentially pays 7.30% to a 73-year old or $7,300 – the client can nearly satisfy the $7,560 RMD. In other words, **half of the portfolio is doing nearly all the work for that year's RMD!**

This solution could work with certain FIA products to make RMDs more efficient for your clients, potentially leaving more money to pass to a spouse or heirs.

Make A List

- CLIENTS AGES 65 TO 75
- CLIENTS WITH $100,000+
- CLIENTS NEED TO SATISFY RMD
- CLIENTS WANT TO LEAVE LEGACY

STREAMLINE YEAR END

Advisors always say that their end of year is one of the busiest times as they have to make sure that all their client's RMDs are satisfied. By using an FIA to generate your RMDs you can simplify year-end for you and your clients. When December rolls around, clients no longer need to decide what assets to liquidate. Most importantly, they benefit because RMDs may be satisfied (in full or close to) with half of their portfolio while the other half can continue to grow.

Now is the perfect time to create a list of your clients, ages 65 to 75, with qualified assets of at least $100,000 because they will need to take RMDs soon – if they have not already. While those clients may not **want** to take income, they will **need** to take income, and you can offer a unique plan to satisfy RMDs while they continue to grow assets to create a greater legacy.

Learn more about how United Life can help you and your clients!

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