ED SLOTT AND COMPANY, LLC
America's IRA Experts

Call: 877-337-5688 Visit: www.irahelp.com E-mail: info@irahelp.com

Learn more at www.IRAhelp.com

Examining Qualifying Longevity Annuity Contracts in 5 Easy Steps

What is a QLAC (Qualifying Longevity Annuity Contract)?

A QLAC is a type of fixed income annuity that has special attributes and is held in a retirement account.

 # 1 RMD (required minimum distribution) exclusion. The fair market value of your QLAC is excluded from your RMD calcuations. What's the benefit? You can keep a greater portion of your IRA (or other retirement account) intact longer while enhancing the income stream the annuity will provide in the future.

 # 2 The distribution deadline. You don't have to start taking distributions from your QLACs at age 70 1/2, but you can't delay them indefinitely. QLAC distributions must begin no later than the first day of the month after you turn age 85.

 # 3 Your investment threshold. You will be limited as to how much of your retirement savings you can invest in a QLAC. The limit will be the lesser of $125,000 or 25% of your applicable retirement account assets. The 25% limit applies on a per account basis except for IRAs, BUT the $125,000 is a cumulative limit for all QLACs in all retirement accounts. For IRAs, the 25% limit will apply to the prior year-end total of all IRAs (not including Roth IRAs).

 # 4 Facts to keep in mind. QLACs cannot be variable or equity-indexed annuity contracts, though insurance companies may offer contracts with cost-of-living adjustments. QLACs cannot offer any cash surrender value. So if you buy one, just be sure you won't be needing that lump-sum of money anytime soon!

 # 5 The death benefit. QLACs can offer two death benefit options: a life annuity (the rules can vary depending on a number of factors) and a return-of-premium option. These, of course, are the potential death benefit options allowed by the tax code, but that doesn't mean that every QLAC contract will offer all of these options.

America's IRA Experts
100 Merrick Road - Suite 200E - Rockville Centre - New York - 11570
516.536.8282 - www.IRAhelp.com - info@IRAhelp.com - Facebook: AmericasIRAexperts - Twitter: TheSlottReport