



Retirement strategies

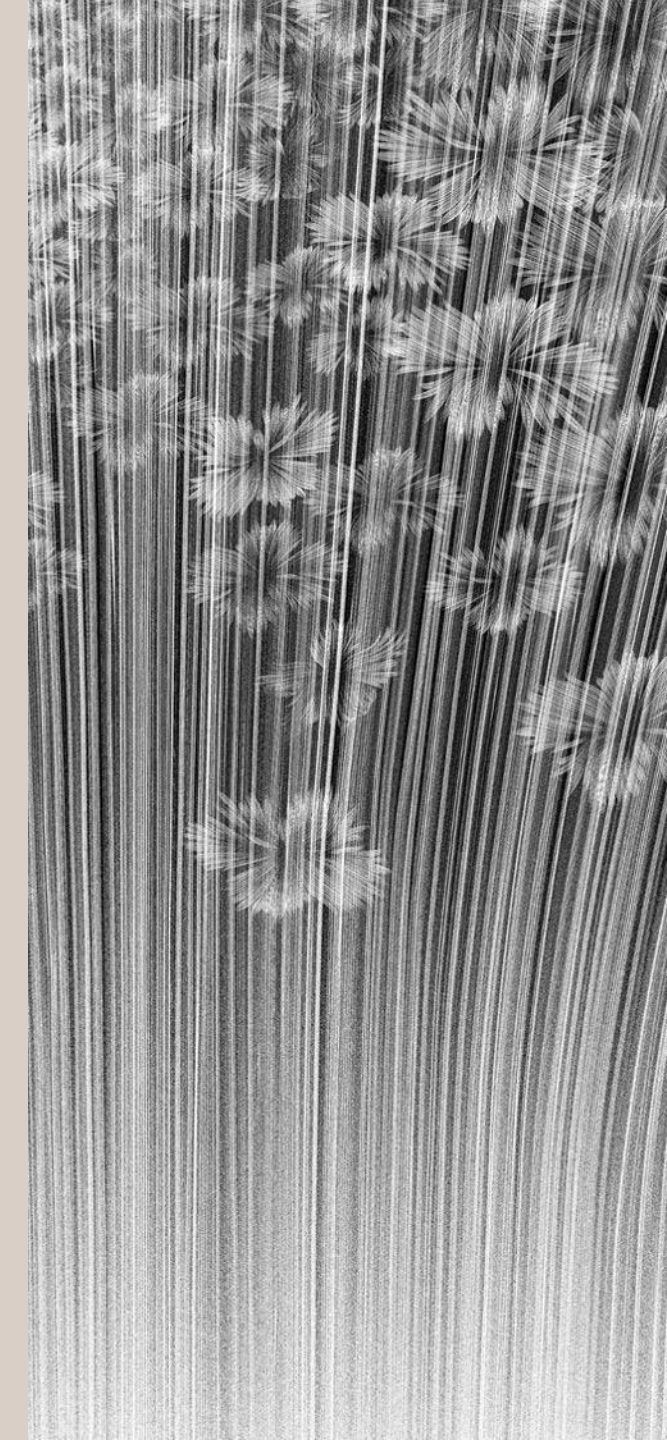
Efficiently utilizing IRAs and annuities

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Annuities and IRAs

Understanding IRA rules to suitably implement annuities within clients' financial plans

- ✓ Current IRA Rules
- ✓ Roth Conversions
- ✓ Positioning Annuities in IRAs
- ✓ Questions?

Current traditional IRA rules and strategies

Contributions limits for Traditional and Roth IRAs

2025 IRA contribution limits¹

	Under 50	50+ catchup
Single filing	\$7,000	\$1,000
Married filing jointly	\$7,000	\$1,000

¹ IRS, "401(k) limit increases to \$23,500 for 2025, IRA limit remains \$7,000," November 1, 2024.

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Income limits for traditional IRA deduction

Deduction phaseouts	IRA owner (and spouse) not covered by employer retirement plan	IRA owner covered by employer retirement plan	Spouse covered by employer retirement plan, but IRA owner not covered
Single filing	No income limit	\$79,000 - \$89,000	N/A
Married filing jointly	No income limit	\$126,000 - \$146,000	\$236,000 - \$246,000

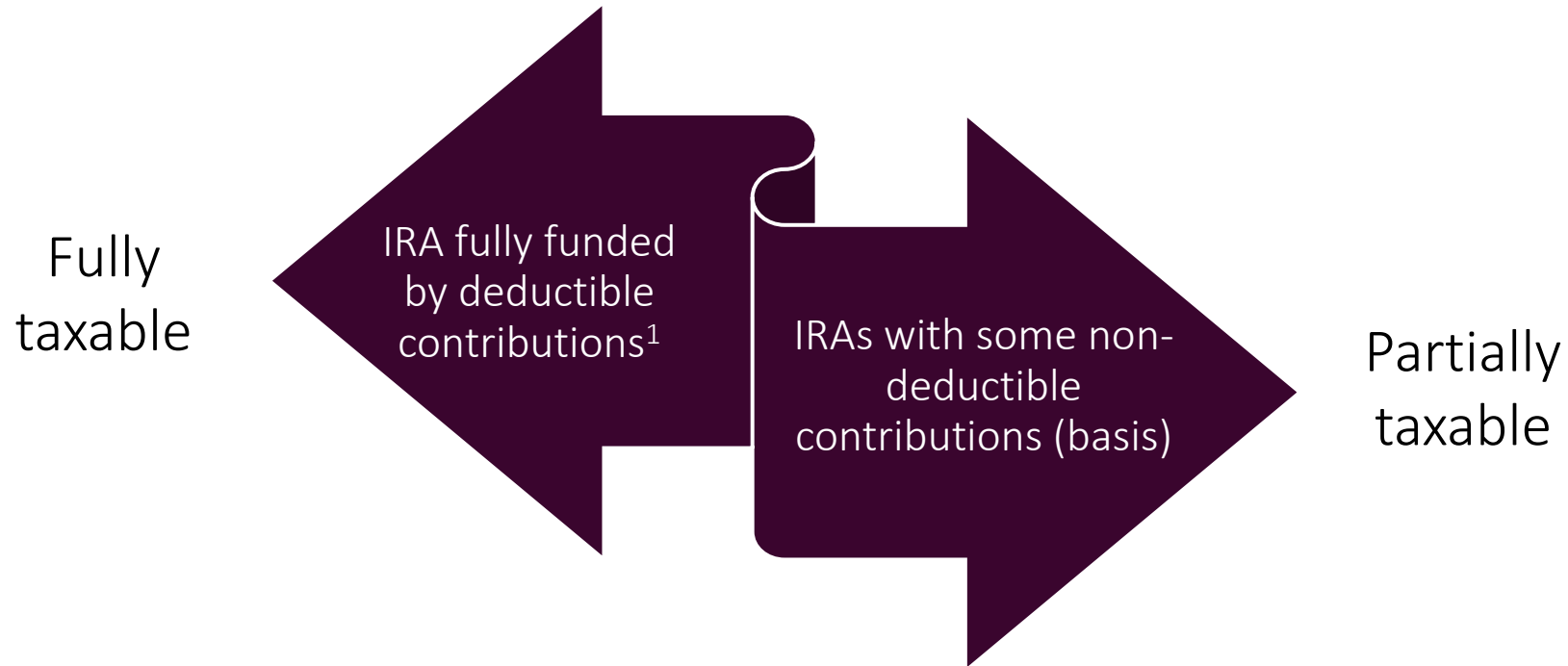
IRS, "401(k) limit increases to \$23,500 for 2025, IRA limit remains \$7,000," November 1, 2024.

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Taxation of traditional IRA distributions

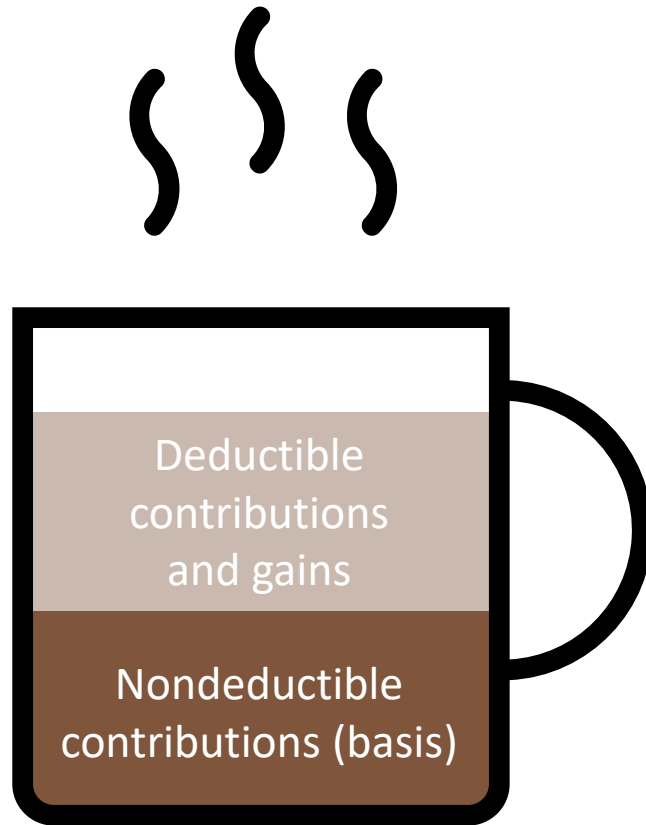


Pre-59 ½ distributions come with a 10% early withdrawal penalty unless an exception applies.

Source: IRS, Topic no. 451, "Individual retirement arrangements (IRAs)," October 28, 2024.

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Cream in the coffee rule



- Taxable amounts “mix” with tax-free amounts
- Cannot be separated out
- Taxable amounts and basis are withdrawn proportionately, including during Roth conversions

Required minimum distributions (RMDs)

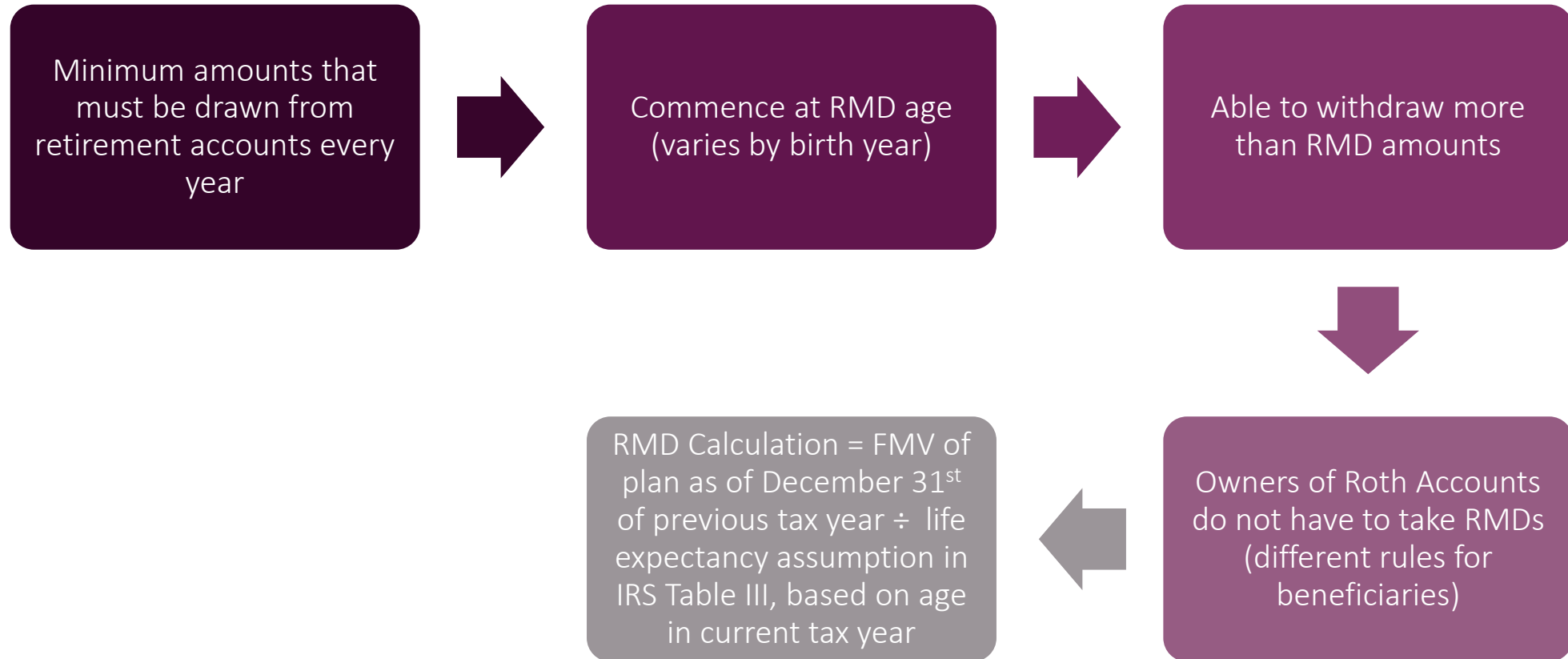
RMD age by birth year	
Birth date:	RMD age:
Before July 1, 1949	70 ½
Between July 1, 1949 to December 31, 1950	72
Between January 1, 1951 to December 31, 1959	73
After January 1, 1960	75

Source : IRS, "Retirement plan and IRA required minimum distributions FAQs," February 28, 2024.

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Required minimum distributions (RMDs)



Source : IRS, "Retirement plan and IRA required minimum distributions FAQs," February 28, 2024.

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RMD impact on qualified v. non-qualified accounts

Tax diversification is an important element when it comes to maximizing available income during retirement



RMDs can significantly hamper long term compounding returns in IRAs



Owners of non-qualified accounts are not required to take RMDs while alive, which may allow for more compounding

Nonqualified annuity as a complement to IRA accounts

FEATURES	TRADITIONAL IRA	NONQUALIFIED ANNUITY
Pre-59½ distribution penalty	✓ yes	✓ yes
No limits on contributions*	✗ no	✓ yes
No required minimum distribution (RMD)	✗ no	✓ yes
Stretch capabilities†	✗ no	✓ yes

When withdrawing assets from a nonqualified annuity, earnings are withdrawn before basis and taxed as ordinary income to the policy owner. Once all gains have been exhausted, basis is withdrawn tax-free to the policy owner.

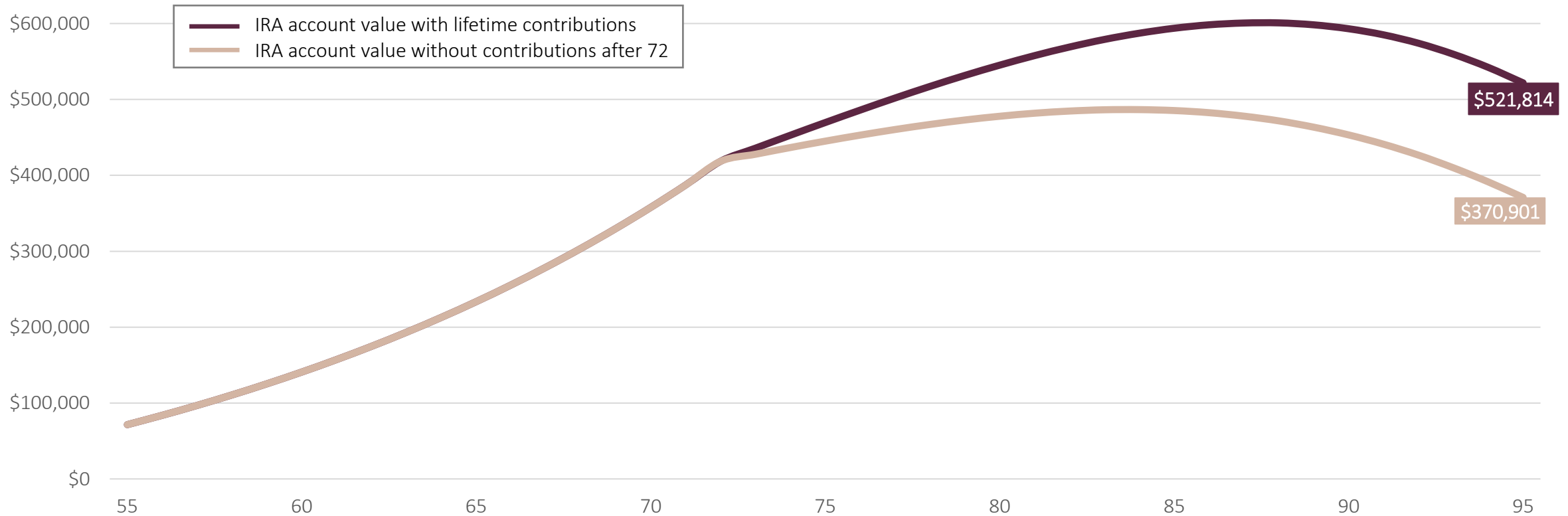
* While your contribution to a traditional IRA may be limited, you may be able to deduct contributions to the IRA based on whether you are covered by an employer-sponsored plan and your income.

† There are limited stretch capabilities with IRAs. See your financial professional for details.

Tax deferral offers no additional value if an IRA or a qualified plan, such as a 401(k), is used to fund an annuity and may be found at a lower cost in other investment products. It also may not be available if the annuity is owned by a legal entity such as a corporation or certain types of trusts.

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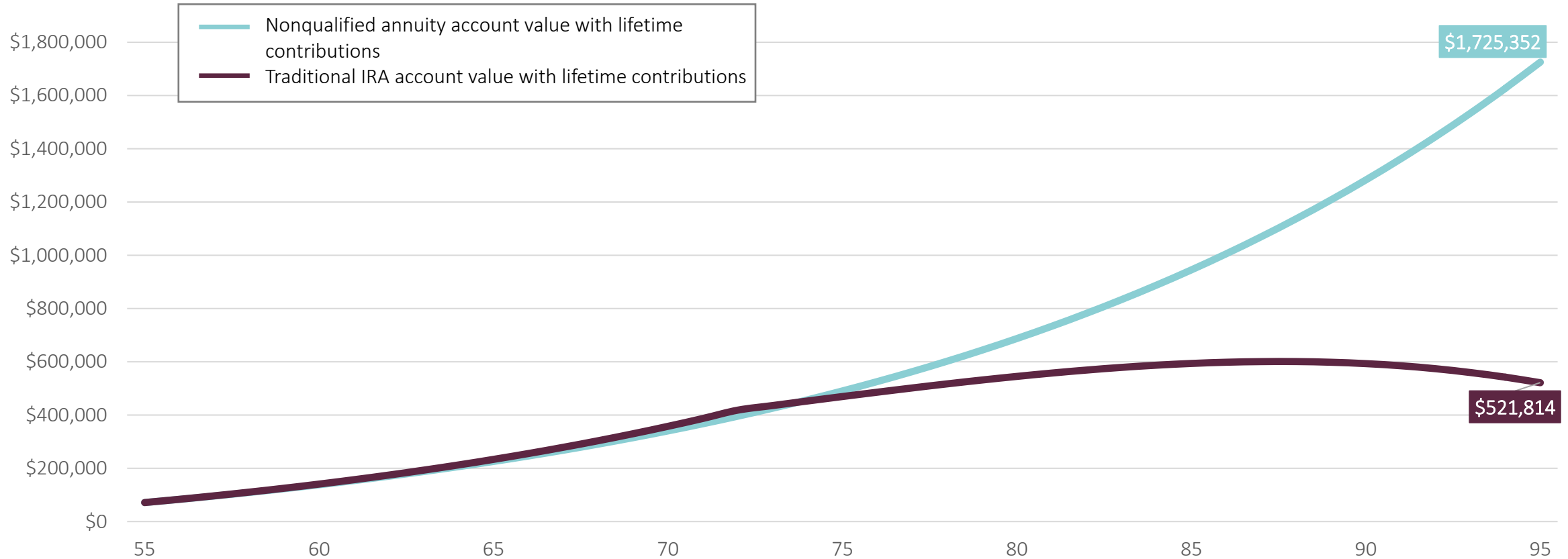
NQ stretch v. Out in ten: Comparing IRA contributions



This hypothetical chart is for illustrative purposes only and is not representative of the past or future performance of any product. Past performance is no guarantee of future results. Calculations performed by Jackson.

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NQ Stretch v. Out in ten: NQ annuity



This hypothetical chart is for illustrative purposes only and is not representative of the past or future performance of any product. Past performance is no guarantee of future results. Calculations performed by Jackson and assume a 6% annual return and a 0.45% core contract charge on the nonqualified annuity. This example does not reflect the deduction of management and investment fees, which would be charged in addition to the core contract charge.

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Qualified charitable distributions (QCDs)

Definition

- Direct transfer of funds from IRA custodian to a qualified public charity
- Count towards satisfying RMDs and excluded from adjusted gross income¹

Eligibility

- Must be 70 ½ or older¹
- Limited to amounts taxed as ordinary income
- Maximum annual is \$108,000 (indexed) per person²
- Funds must come out by RMD deadline (12/31)

¹ IRS, "Qualified charitable distributions allow eligible IRA owners up to \$108,000 in tax-free gifts to charity," November 16, 2023.

² IRS, Notice 2024 – 80, "2025 Amounts Relating to Retirement Plans and IRAs, as Adjusted for Changes in Cost-of-Living," 2024.

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Utilizing QCDs: Hypothetical case study

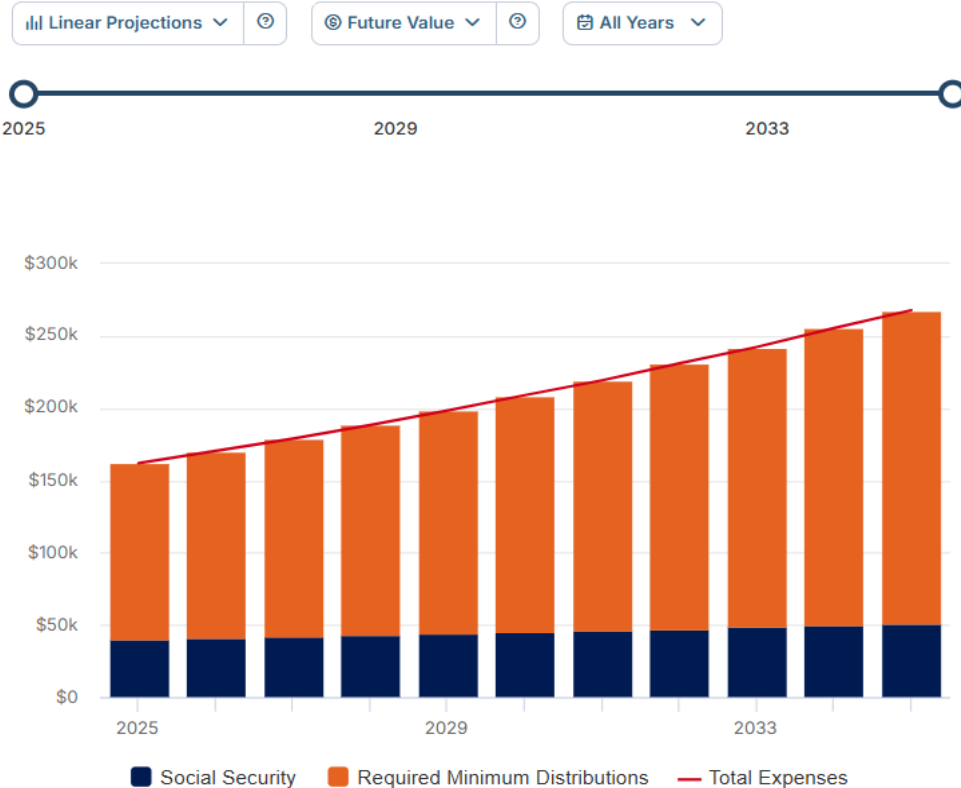
Mario:	Age 74
Life expectancy:	Age 85
Retirement expenses:	\$100,000
Social Security Income:	\$40,000
Traditional IRA:	\$3,000,000
Roth IRA:	\$1,000,000



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Utilizing QCDs: Without QCDs

Cash Flow Overview



Total Taxes All Years

Year	Age	Federal Income Tax	Total Income Tax	Effective Income Tax Rate	Federal Marginal Bracket
2025	75	\$26,196	\$26,196	16.18%	24%
2026	76	\$32,469	\$32,469	19.04%	28%
2027	77	\$34,425	\$34,425	19.24%	28%
2028	78	\$36,686	\$36,686	19.47%	28%
2029	79	\$39,079	\$39,079	19.69%	28%
2030	80	\$41,616	\$41,616	19.91%	28%
2031	81	\$44,069	\$44,069	20.10%	28%
2032	82	\$46,918	\$46,918	20.31%	28%
2033	83	\$49,651	\$49,651	20.49%	28%
2034	84	\$52,818	\$52,818	20.68%	28%
2035	85	\$55,822	\$55,822	20.85%	28%

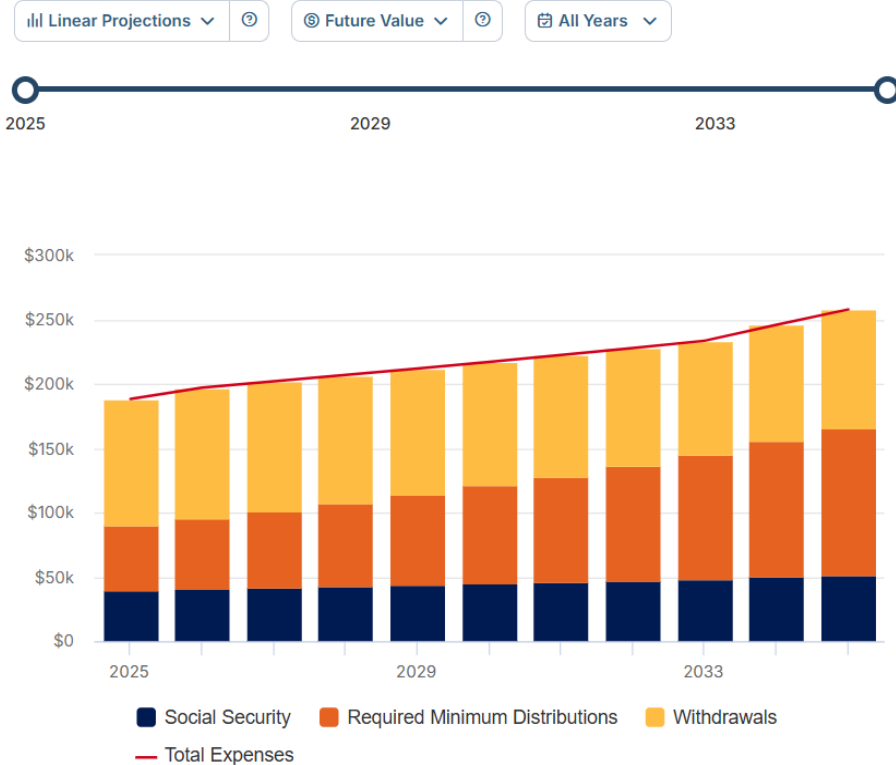
This hypothetical example is for illustrative purposes only using eMoney illustration software and is not representative of the future performance of any product. **Past performance is no guarantee of future results.** Assumes a 74-year-old single male with \$3,000,000 in a traditional IRA, \$1,000,000 in a Roth IRA, \$150k in taxable brokerage accounts and social security income of \$40,000 a year, indexed for inflation at retirement. Note: This is in a test environment and subject to change. This is plan dependent. Many scenarios result in a lower probability of success score.

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Utilizing QCDs: With QCDs

Cash Flow Overview



Total Taxes All Years

Year	Age	Federal Income Tax	Total Income Tax	Effective Income Tax Rate	Federal Marginal Bracket
2025	75	\$15,420	\$15,420	8.19%	22%
2026	76	\$19,769	\$19,769	10.04%	25%
2027	77	\$20,225	\$20,225	10.02%	25%
2028	78	\$20,702	\$20,702	10.01%	25%
2029	79	\$21,179	\$21,179	10%	25%
2030	80	\$21,659	\$21,659	9.98%	25%
2031	81	\$22,169	\$22,169	9.97%	25%
2032	82	\$22,674	\$22,674	9.95%	25%
2033	83	\$23,221	\$23,221	9.95%	25%
2034	84	\$25,419	\$25,419	10.34%	25%
2035	85	\$27,479	\$27,479	10.66%	25%

This hypothetical example is for illustrative purposes only using E-money illustration software and is not representative of the future performance of any product. **Past performance is no guarantee of future results.** Assumes a 74-year-old single male with \$3,000,000 in a traditional IRA, \$1,000,000 in a Roth IRA, \$150k in taxable brokerage accounts and social security income of \$40,000 a year indexed for inflation at retirement. Note: This is in a test environment and subject to change. This is plan dependent. Many scenarios result in a lower probability of success score.

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Total taxes QCDs v No QCDs

Without QCDs		With QCDs	
Year	Taxes Paid	Year	Taxes Paid
2025	\$26,196	2025	\$15,420
2026	\$32,469	2026	\$19,769
2027	\$34,425	2027	\$20,225
2028	\$36,686	2028	\$20,702
2029	\$39,079	2029	\$21,179
2030	\$41,616	2030	\$21,659
2031	\$44,069	2031	\$22,169
2032	\$46,918	2032	\$22,674
2033	\$49,651	2033	\$23,221
2034	\$52,818	2034	\$25,419
2035	\$55,822	2035	\$27,479
Total Taxes Paid	\$459,749	Total Taxes Paid	\$239,916
Total Tax Savings = \$219,833			

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Current Roth IRA Rules and Strategies

Income limits for Roth IRA contributions

Income limits on Roth IRA contributions	
Contribution phaseouts	Modified adjusted gross income (MAGI)
Single filing	\$150,000 - \$165,000
Married filing jointly	\$236,000 - \$246,000
Conversion limit	No Limit

Source: IRS, Notice 2024 – 80, “2025 Amounts Relating to Retirement Plans and IRAs, as Adjusted for Changes in Cost-of-Living,” 2024 and IRS, Publication 590-A, 2024.
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Roth conversions vs contributions

Limited: either by income, retirement plan rules, or both.



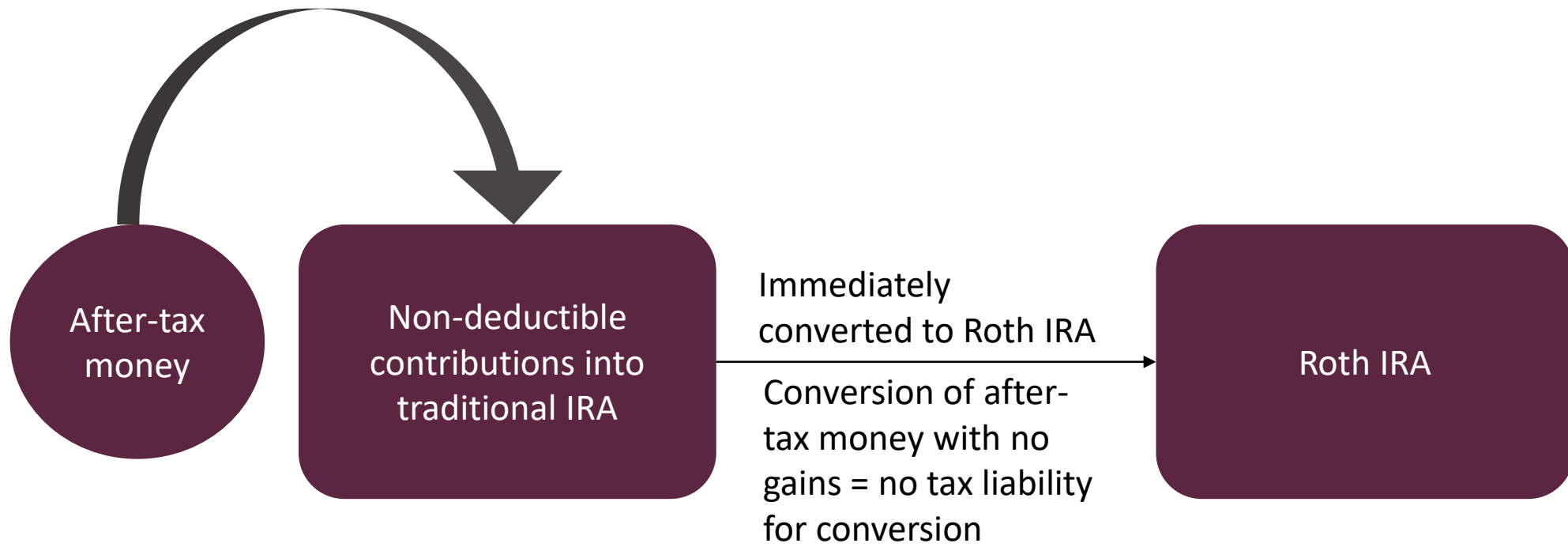
Roth contributions:
after tax deposits into
a Roth account

Roth conversions:
traditional retirement
account into Roth IRA

Not limited by retirement plan rules or income.

Conversion examples: Traditional 401k or IRA balances converted to Roth 401ks/Roth

Backdoor Roth IRA

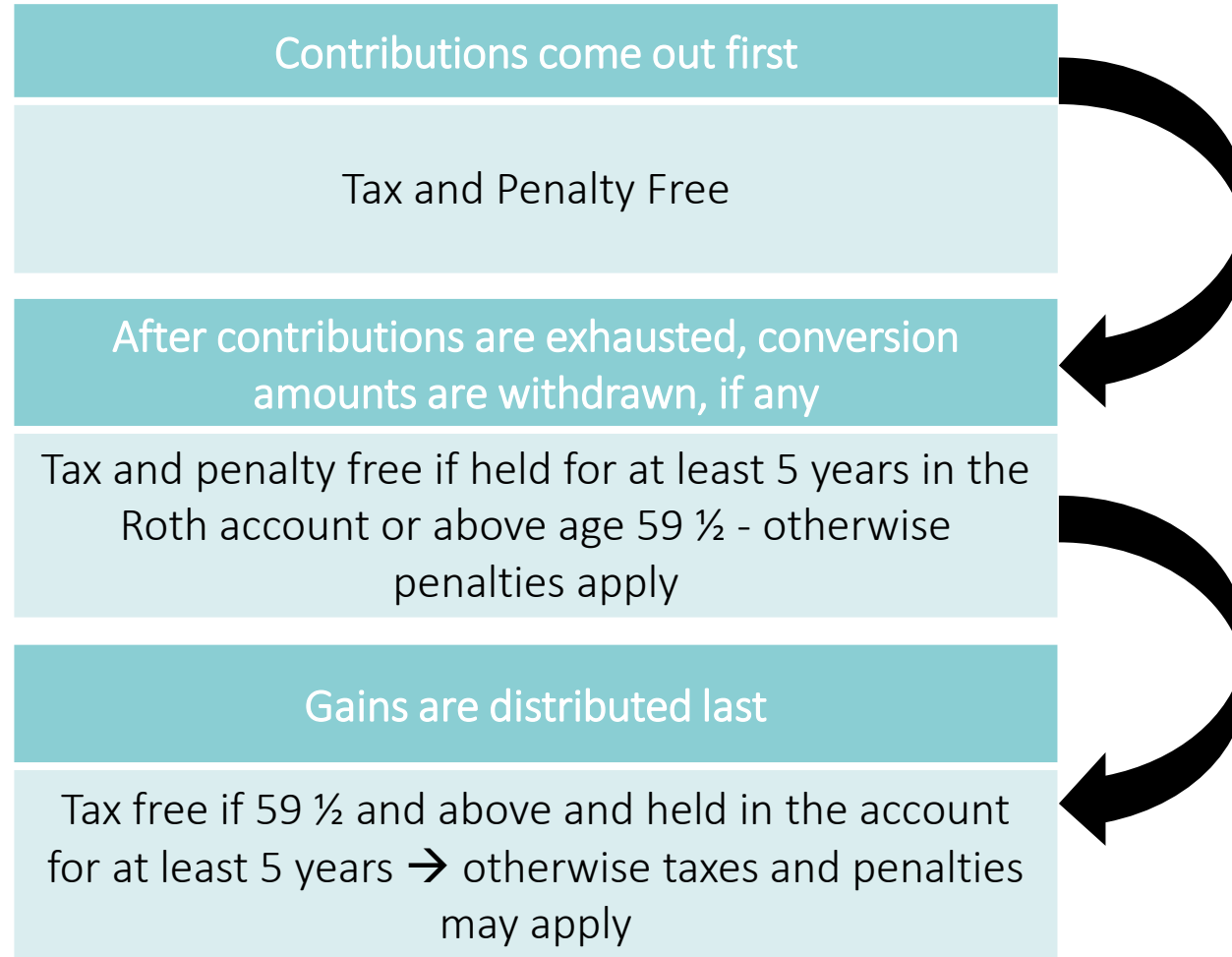


IRS, Publication 590-A, "Contributions to Individual Retirement Arrangements (IRAs)," 2024.

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Roth IRA taxation



IRS, Publication 590-B, "Distributions from Individual Retirement Arrangements (IRAs)," 2024.

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Roth distribution ordering rules

Roth asset category	Five-year rule(s) satisfied and older than 59 ½	Five-year rule(s) satisfied and owner younger than 59 ½	Five-year rule(s) not satisfied and owner older than 59 ½	Five-year rule(s) not satisfied and owner younger than 59 ½
Contributions	No tax or penalties	No tax or penalties	No tax or penalties	No tax or penalties
Conversions	No tax or penalties	No tax or penalties	No tax or penalties	No tax, but 10% penalty
Gains	No tax or penalties	Tax and 10% penalty	Tax but no 10% penalty	Tax and 10% penalty

IRS, Publication 590-B, "Distributions from Individual Retirement Arrangements (IRAs)," 2024.

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Current rules for beneficiaries

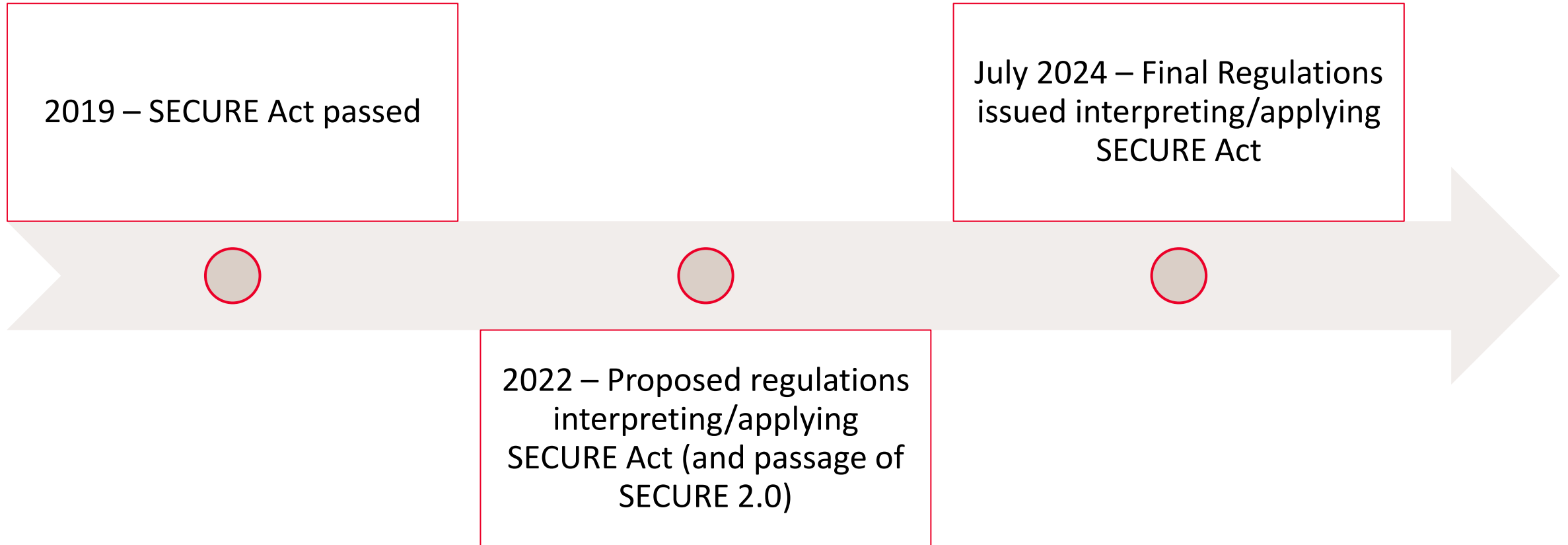
Traditional IRAs

Unless otherwise noted, content located within this section is our summarization of key provisions located in SECURE Act, SECURE 2.0 Act, and Federal Register, Volume 89, No. 139, "Required Minimum Distributions".

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SECURE Act – brief history



New rules for IRA owner's final RMD

- When multiple beneficiaries of an IRA are named, who is responsible for withdrawing owner's final required minimum distribution (RMD)
 - RMD can be withdrawn by one or split in any proportion by the beneficiaries
- When owner has multiple IRA accounts with different beneficiaries
 - RMD aggregated across all IRAs for owner, but under Final Regs
 - Final RMD must be calculated and withdrawn by beneficiaries proportionately to their share of the total IRA assets

Planning Point: Determining aggregate IRA balances and proportionate shares may require additional effort and may raise privacy concerns where beneficiaries would know the percent share of the inherited IRA they received vs. other beneficiaries.

New rules for IRA owner's final RMD

Hypothetical example:

- Greg passed at age 80
- Greg has two IRA accounts
 - IRA 1 - \$200,000
 - IRA 2 - \$100,000
- Greg's beneficiaries:
 - IRA 1 Beneficiary – Niece
 - IRA 2 Beneficiary – Nephew

Final RMD under new regulations		
	IRA 1	IRA 2
IRA value	\$200,000	\$100,000
Aggregate value	\$300,000	
Final RMD (Factor = 20.2)	\$14,851 (\$300,000/20.2)	
Niece (2/3 proportionate share)	\$9,901	
Nephew (1/3 proportionate share)	\$4,950	

Mandatory RMDs for some 10-year deferrals

Beneficiary class	Definition
Eligible designated beneficiary (EDB)	<ul style="list-style-type: none">• Minor children of decedent IRA owner• Disabled persons• Chronically ill persons• Persons not more than 10 years younger than decedent IRA owner• Spouses• Certain trusts
Non-eligible designated beneficiary (NEDB)	<ul style="list-style-type: none">• Persons who are not an EDB• Certain trusts
Non-designated beneficiary	<ul style="list-style-type: none">• Charities• Decedent's estate• Certain trusts

Mandatory RMDs for some 10-year deferrals

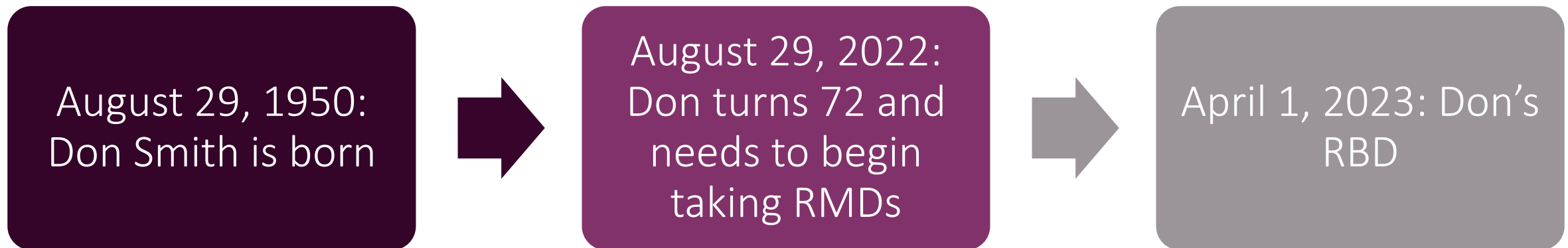
- RMDs will be due from 10-year deferrals beginning in 2025
- There is no penalty for RMDs that were not taken between the time the IRA was inherited and 2025
- **HOWEVER:** the RMD calculation requires determining the appropriate factor for the year the 10-year deferral was inherited, and then backing into the appropriate factor for 2025

Mandatory RMDs for some 10-year deferrals

The factor for determining whether RMDs are due from a 10-year deferral is whether the IRA owner had reached their required beginning date (RBD).

RBD = April 1 of the year AFTER the IRA owner reaches RMD age

Example:



Inherited IRA options – Non-spouses

Beneficiary class	Options if owner passed before RBD	Options if owner passed on or after RBD
Eligible designated beneficiary who is not decedent's minor child	<ul style="list-style-type: none"> • Stretch: RMDs must be withdrawn on beneficiary's life expectancy <p>OR</p> <ul style="list-style-type: none"> • 10-year deferral: No RMDs required, but must be liquidated by December 31 of tenth year after owner's passing 	<ul style="list-style-type: none"> • Stretch (with at least as rapidly rule): RMDs must be withdrawn and based on the longer of the beneficiary and decedent's life expectancy
Eligible designated beneficiary who is decedent's minor child	<ul style="list-style-type: none"> • Stretch converting to 10-year deferral: RMDs must be withdrawn on beneficiary's life expectancy and continue after beneficiary reaches age 21. The account must be fully liquidated by the earlier of December 31 of year beneficiary reaches age 31 and December 31 of the tenth year after EDB's passing <p>OR</p> <ul style="list-style-type: none"> • 10-year deferral: No RMDs required, but must be liquidated by December 31 of tenth year after owner's passing 	<ul style="list-style-type: none"> • Stretch converting to 10-year deferral (with at least as rapidly rule): RMDs must be withdrawn and based on the longer of the beneficiary and decedent's life expectancy. The account must be fully liquidated by the earlier of December 31 of year beneficiary reaches age 31 and December 31 of tenth year after EDB's passing
Non-eligible designated beneficiary	<ul style="list-style-type: none"> • 10-year deferral: No RMDs required, but must be liquidated by December 31 of the tenth year after owner's passing 	<ul style="list-style-type: none"> • 10-year deferral (with at least as rapidly rule): RMDs must be withdrawn and based on the longer of the beneficiary and decedent's life expectancy, with full liquidation by December 31 of the tenth year after owner's passing
Non-designated beneficiary	<ul style="list-style-type: none"> • 5-year deferral: No distributions required, but must be liquidated by December 31 of the fifth year after the owner's passing 	<ul style="list-style-type: none"> • At least as rapidly: RMDs must be withdrawn based on decedent's remaining life expectancy

Inherited IRA options – Spouses

Available options	Options if owner passed before RMD	Options if owner passed on or after RMD
10-year deferral	<ul style="list-style-type: none"> • 10-year deferral: No RMDs required, but must be liquidated by December 31 of tenth year after owner’s passing • Planning point: If surviving spouse elects a 10-year deferral and then attempts spousal continuation after reaching RMD age, then the hypothetical RMD rule applies 	<ul style="list-style-type: none"> • No 10-year deferral option
Stretch	<ul style="list-style-type: none"> • Stretch: RMDs must be withdrawn on beneficiary’s life expectancy and must begin by December 31 of the later of the year the decedent would have been RMD age and the year the decedent passed • Spousal proxy rule: If surviving spouse passes before RMDs are required, that spouse is treated as the owner for determining their beneficiary’s options. If surviving spouse passes after stretch payments must start, the beneficiary must withdraw RMDs based on the now-deceased spouse’s life expectancy (Table I, subtracting 1 from the factor each subsequent year) and must be fully liquidated by December 31 of tenth year after now-deceased spouse’s passing 	<ul style="list-style-type: none"> • At least as rapidly: RMDs must be withdrawn and based on the longer of the beneficiary and decedent’s life expectancy • 10-year deferral after surviving spouse passes: RMDs must continue over life expectancy of the Surviving Spouse using Table I, subtracting 1 from the factor each subsequent year
Spousal continuation	<ul style="list-style-type: none"> • Still generally allowed, but hypothetical RMD rule applies if continuation/spousal rollover occurs after surviving spouse has reached RMD age 	<ul style="list-style-type: none"> • Same rules as if owner passed before RBD, but hypothetical RMD rule would not apply

Current rules for beneficiaries

Roth IRAs

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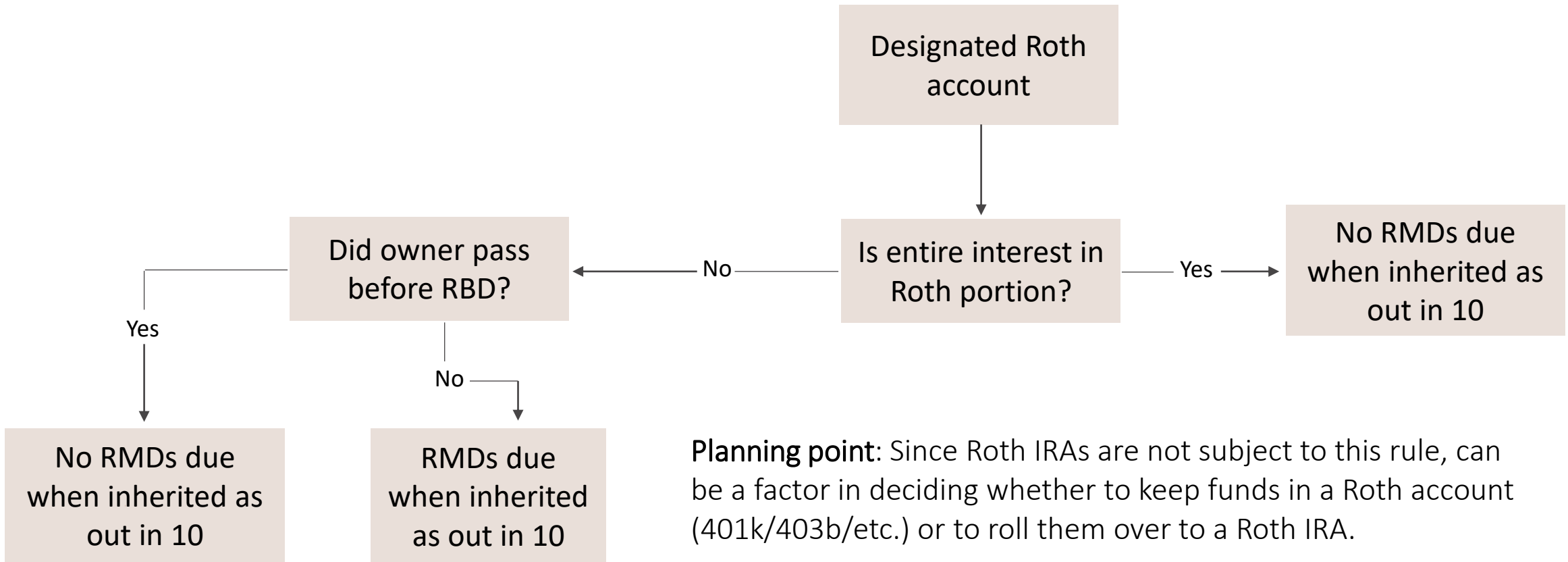
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Roth accounts –RMD requirements



Inherited designated Roth accounts



Planning point: Since Roth IRAs are not subject to this rule, can be a factor in deciding whether to keep funds in a Roth account (401k/403b/etc.) or to roll them over to a Roth IRA.

Current IRA rules

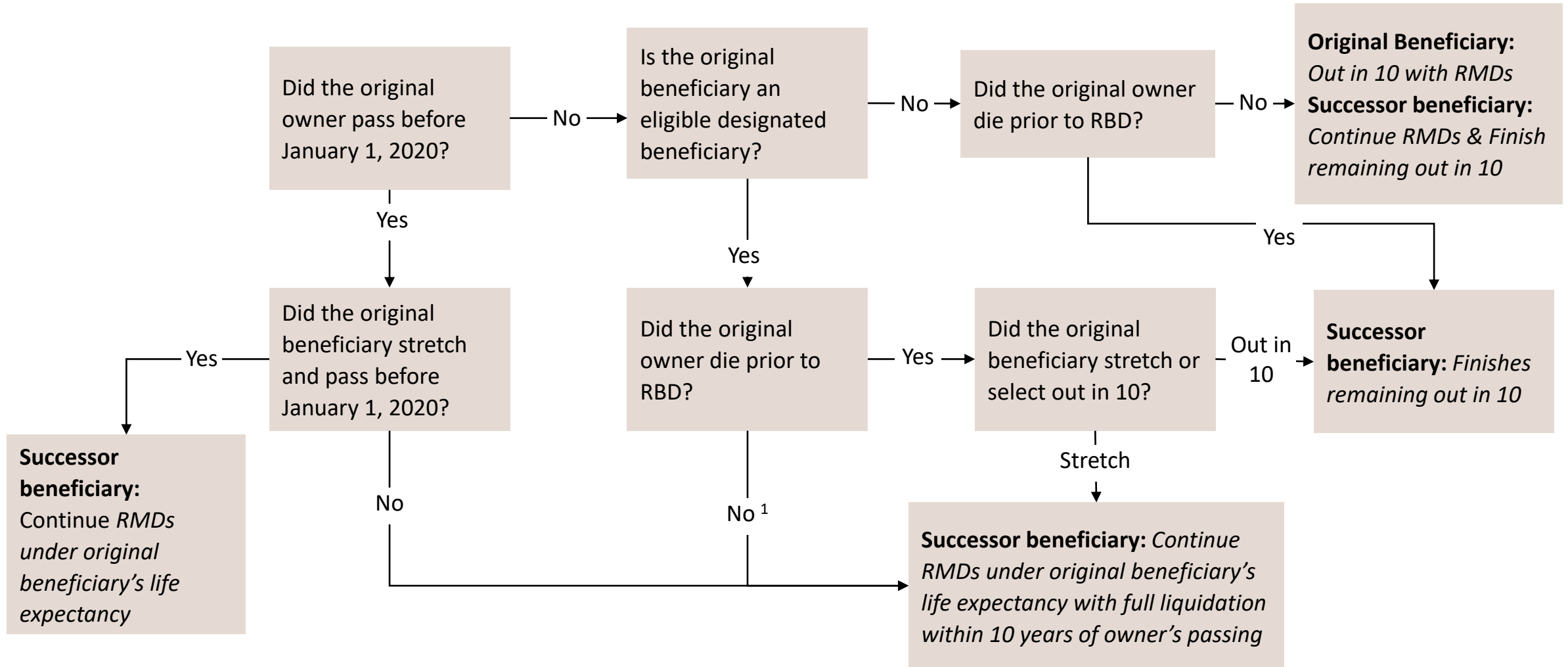
Successor beneficiaries

Unless otherwise noted, content located within this slide is our summarization of key provisions located in SECURE Act, SECURE 2.0 Act, and Federal Register, Volume 89, No. 139, "Required Minimum Distributions".

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Successor Beneficiaries



¹ Eligible Designated Beneficiaries must stretch if original owner passes after RBD

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Current IRA rules

Trusts as beneficiaries

Definition of terms

Trust type	Definition
See-through trust	A trust that meets the four-part IRS test: <ol style="list-style-type: none">1. Trust is valid under state law2. Trust is irrevocable or becomes irrevocable at IRA owner's passing3. The trust's beneficiaries are identifiable from trust document4. Appropriate documentation is provided to IRA custodian
Conduit trust	A see-through trust that requires inherited IRA distributions to be passed from trust to the trust beneficiary each year
Discretionary trust	A trust that does not require inherited IRA distributions to be passed to the trust beneficiaries each year

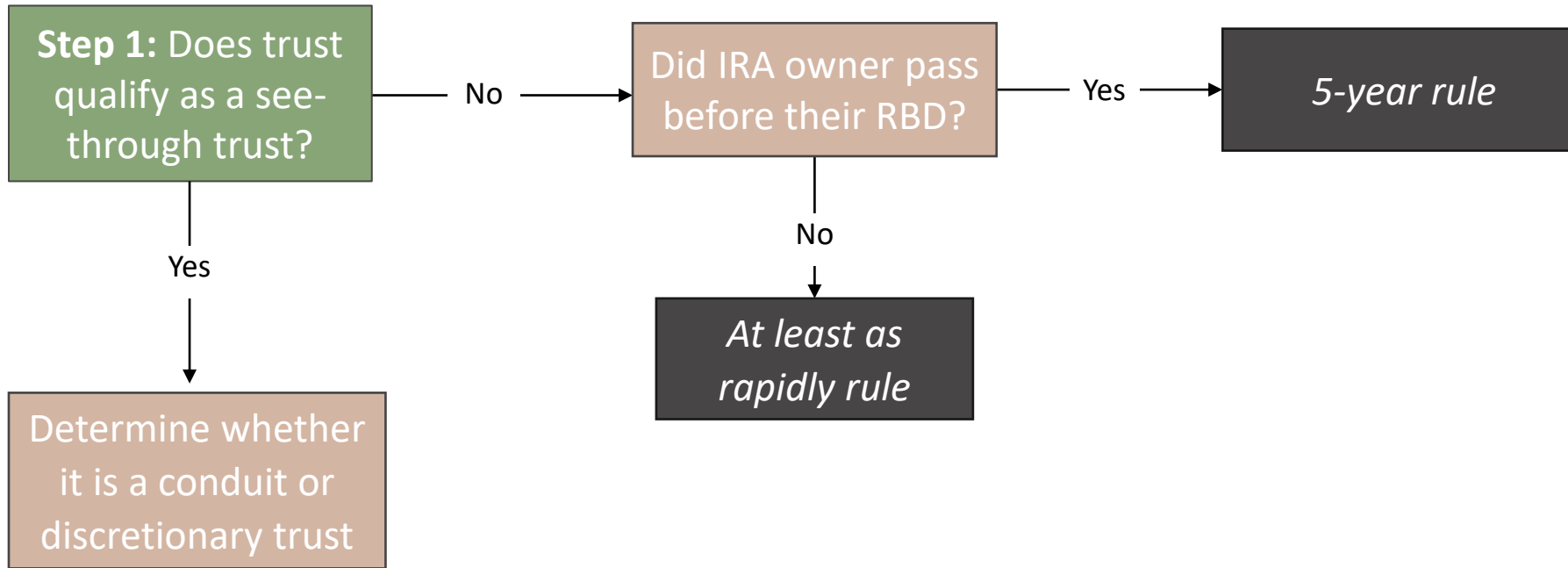
Definition of terms

Term	Definition
First-line beneficiary	Trust beneficiaries who are “first in line” to receive income from an inherited IRA left to the trust
Second-line beneficiary	Beneficiaries who are entitled to income from an inherited IRA left to a trust after first-line beneficiaries
Applicable multi-beneficiary trusts (AMBTs)	Special type of see-through trusts, created by SECURE Act, for beneficiaries who are disabled or chronically ill
Sub-trusts	Trust created from a primary trust after a triggering event, such as the passing of an IRA owner

Determining available options for a trust

- Options vary significantly based on several factors
- Determining options is a multistep process of determining:
 1. Whether trust is a valid see-through trust
 - a. If not, then it is a non-designated beneficiary
 - b. If so, must determine whether it is an accumulation or conduit trust, see step 2
 2. If it is a conduit trust, only first-line beneficiaries are considered and other beneficiaries are disregarded for determining distribution options
 3. If it is a discretionary trust, first-line and second-line beneficiaries are considered for determining distribution options
 - a. Exception: Applicable multi-beneficiary trusts

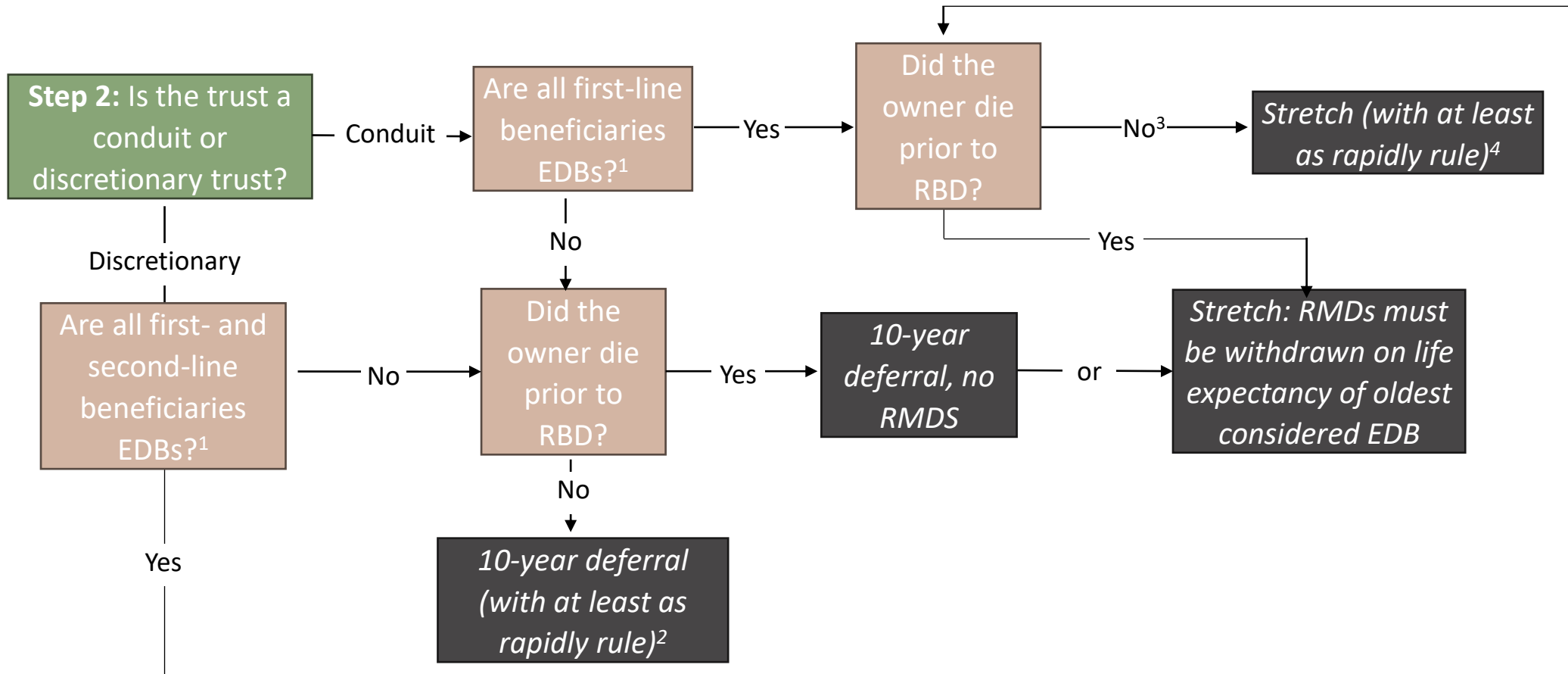
Step 1: Determine whether it is a see-through trust



¹ Levine, J., CPA. (2024, July 24). *Untangling The IRS's New Finalized (And Proposed) Regulations on RMDs: The 10-Year Rule, Trust Beneficiaries, Spousal Beneficiaries, Annuities, and More!* Kitces.

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Step 2: Discretionary or Conduit



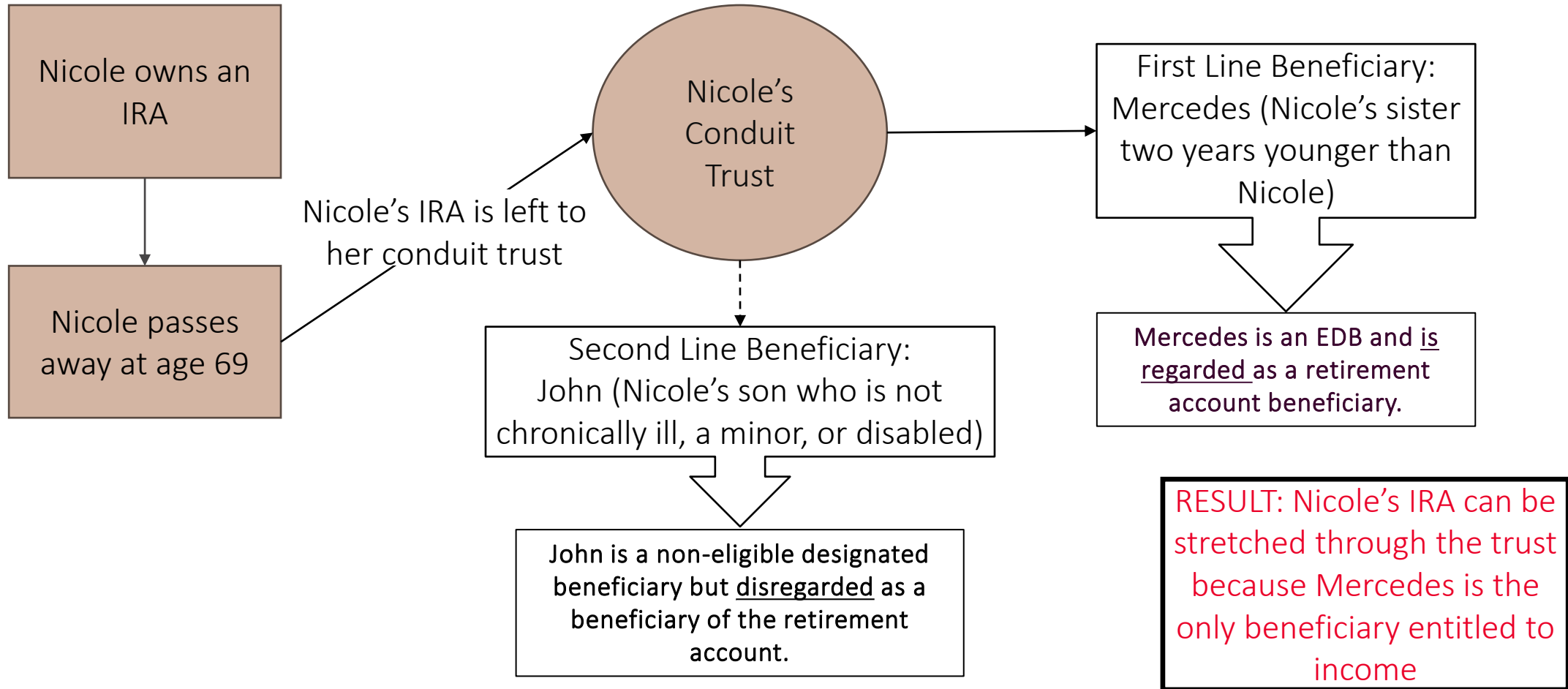
¹ See rules for EDBs who are minor children of the IRA owner.

² RMDs must be withdrawn and based on the longer of the oldest considered trust beneficiary and decedent's life expectancy, with full liquidation by December 31st of the 10th year after owner's passing

³ Eligible Designated Beneficiaries must stretch if original owner passes after RBD.

⁴ RMDs must be withdrawn and based on the longer of the oldest considered trust beneficiary and decedent's life expectancy

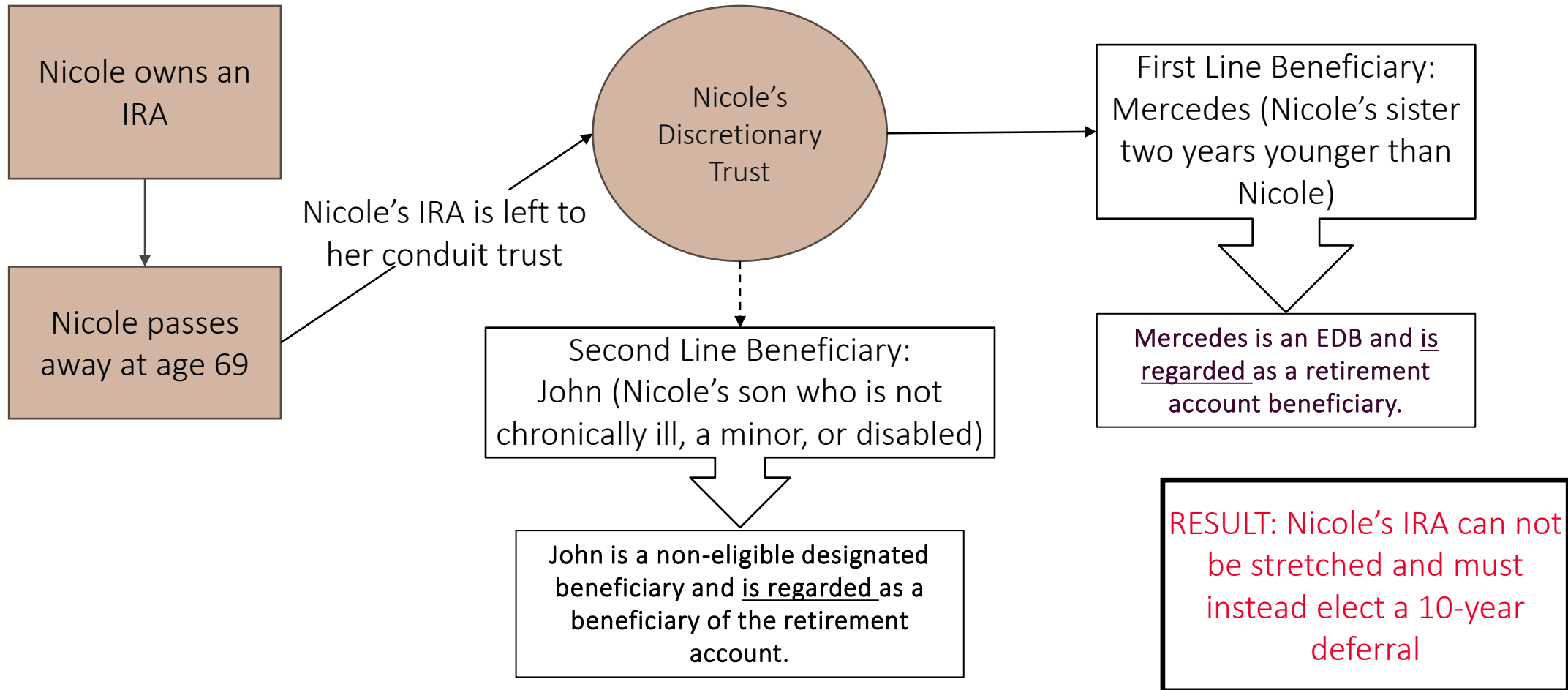
Conduit Trust Hypothetical



¹ J. Levine, Kitces, "Untangling The IRS's New Finalized (And Proposed) Regulations on RMDs: The 10-Year Rule, Trust Beneficiaries, Spousal Beneficiaries, Annuities, and More," July 24, 2024.

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Discretionary Trust Hypothetical



¹ J. Levine, Kitces, "Untangling The IRS's New Finalized (And Proposed) Regulations on RMDs: The 10-Year Rule, Trust Beneficiaries, Spousal Beneficiaries, Annuities, and More," July 24, 2024.

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Special Exception: Applicable multi-beneficiary trusts

Applicable multi-beneficiary trusts (AMBTs):

1. Benefit a trust beneficiary who is disabled or chronically ill
 2. No beneficiary other than one who is disabled or chronically ill may access the IRA distributions until the death of all disabled/chronically ill beneficiaries
 3. May list certain charitable organizations as beneficiaries without losing “See-Through Trust” status
- If a trust qualifies as an AMBT, it is a conduit trust and only considers first-line beneficiaries

¹ J. Levine, Kites, “Untangling The IRS’s New Finalized (And Proposed) Regulations on RMDs: The 10-Year Rule, Trust Beneficiaries, Spousal Beneficiaries, Annuities, and More,” July 24, 2024.

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Current IRA Rules

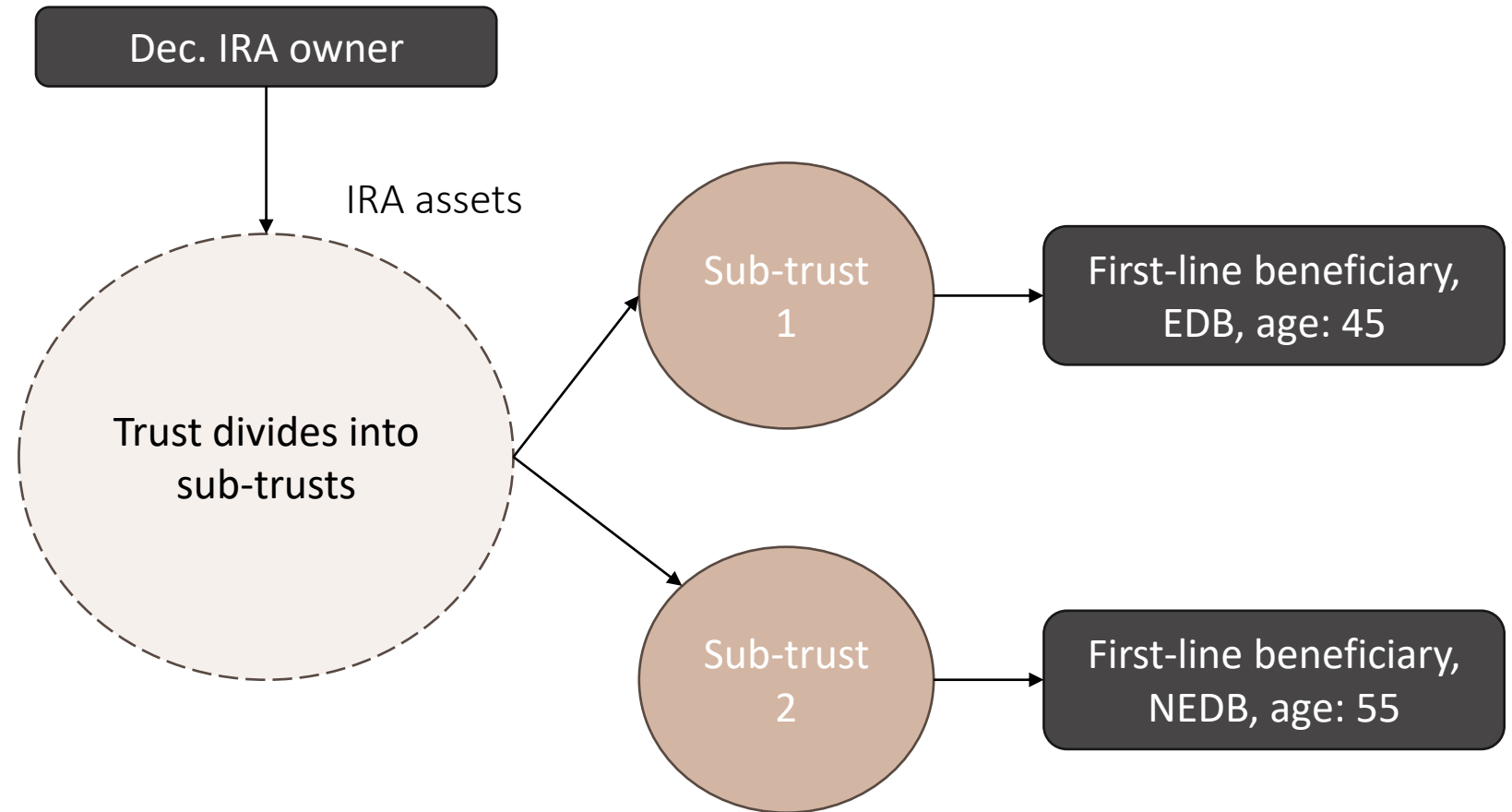
Inherited IRAs with trusts divided into sub-accounts upon death

Sub-trust exception

- If a “see-through trust” divides into sub-trusts for each beneficiary, then the distribution options for each sub-trust will be based on the beneficiaries of that sub-trust
 - Example: If an IRA is left to a trust that benefits two beneficiaries, and that trust divides into sub-trusts for each beneficiary upon the IRA owner’s passing, each sub-trust must be analyzed individually under the next three steps to determine the distribution options available to those trusts.
 - The distribution options for each trust can vary significantly, which may be advantageous from a planning perspective

See-through sub-trust example

Sub-trust 1 result	
If owner passed before RBD	Stretch with RMDs based on 45 y/o OR 10-year deferral with no RMDs
If owner passed after RBD	Stretch with RMDs based on longer of IRA Owner and 45 y/o life expectancy
Sub-trust 2 result	
If owner passed before RBD	10-year deferral with no RMDs
If owner passed after RBD	10-year deferral with RMDs based on longer of IRA Owner and 55 y/o life expectancy

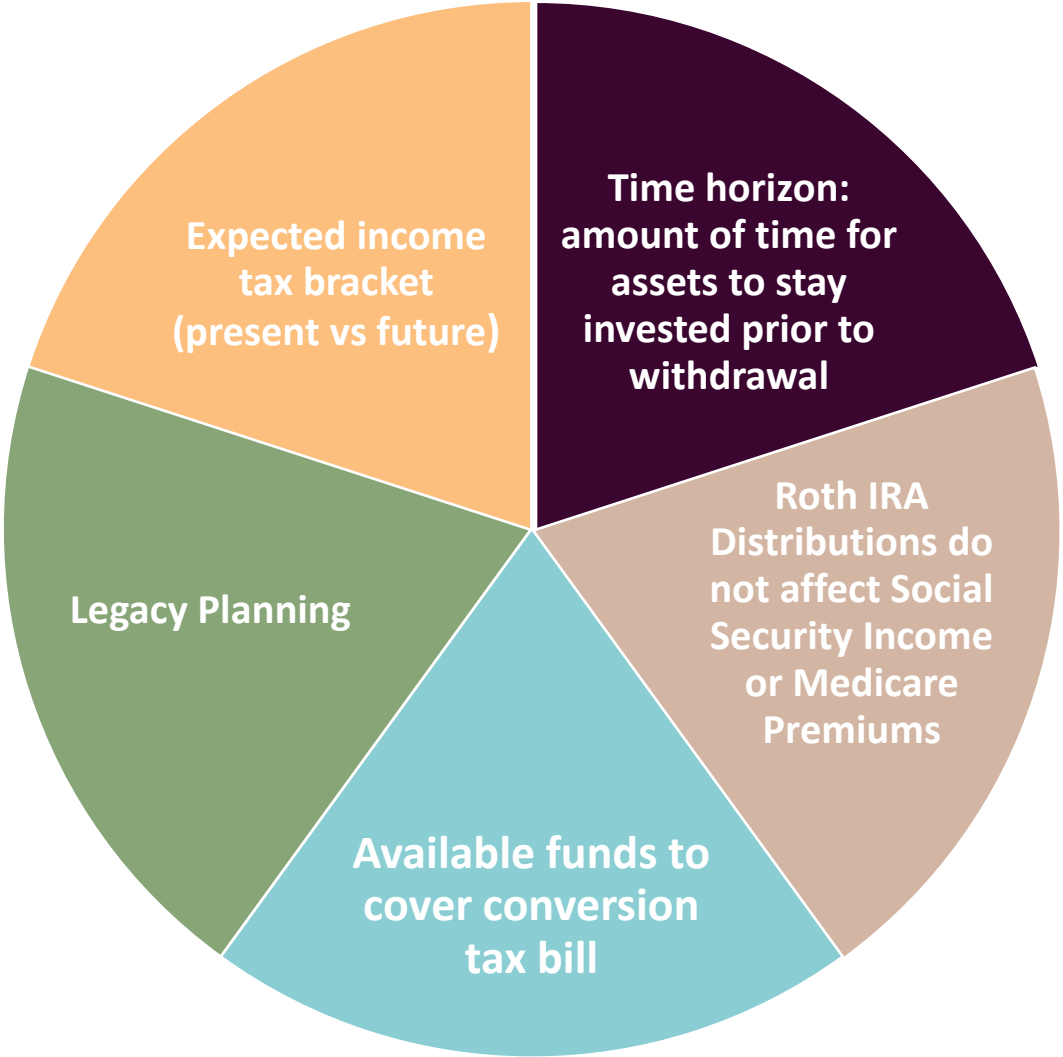


Roth Conversions

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Considerations for Roth conversions



J Taffer, Kiplinger, "Is a Roth Conversion for You? Seven Factors to Consider," February 27, 2024.

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Cost of backdoor Roth conversions



Aggregation rule - considers pre-tax money from all IRA sources

No income limitations on Roth Conversions

Conversions are taxable when IRA funded only with deductible contributions

If partially funded with non-deductible contributions, non-deductible portion will not be taxed while deductible contributions will be taxed in the conversion

Ideal to fund IRA with only after-tax contributions and then convert as soon as administratively possible

Tax calculation example

Joe has 2 traditional IRAs:

IRA 1: fully funded with deductible contributions and has a balance of \$95,000

IRA 2: funded with a nondeductible contribution of \$5,000

The IRAs must be aggregated and the tax implication for converting IRA 2 would be:

$$\frac{\text{Nondeductible amounts}}{\text{Total of all non-Roth IRA balances}} = \text{Non-taxable percentage}$$

$$\frac{\$5,000}{\$100,000} = .05 \text{ or in other words } \rightarrow \text{95\% of the conversion would be taxable}$$

Converting annuity funded traditional IRAs

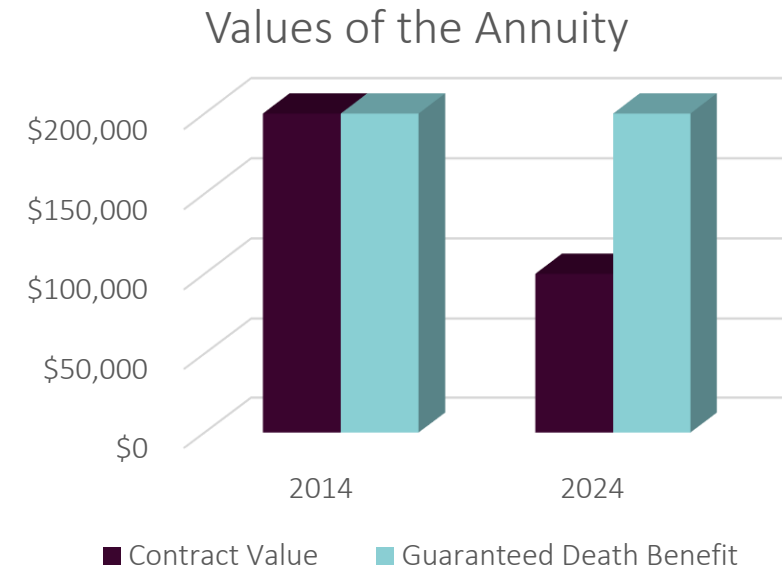
Tax calculation of conversion required to figure out fair market value (FMV) of the annuity on the date the annuity contract is calculated.

Cash surrender value of an annuity is not always = FMV

FMV must include guaranteed death benefits and actuary assumptions found in living benefit riders

Example:

Joe purchased a variable contract within an IRA in 2014. In 2024, Joe wishes to convert to Roth after making a series of withdrawals.



The FMV lies somewhere between the contract value and the guaranteed death benefit.

¹ *Converting an IRA Annuity to a Roth IRA.* (n.d.). Federal Register

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Comparing 401(k) vs Roth IRAs

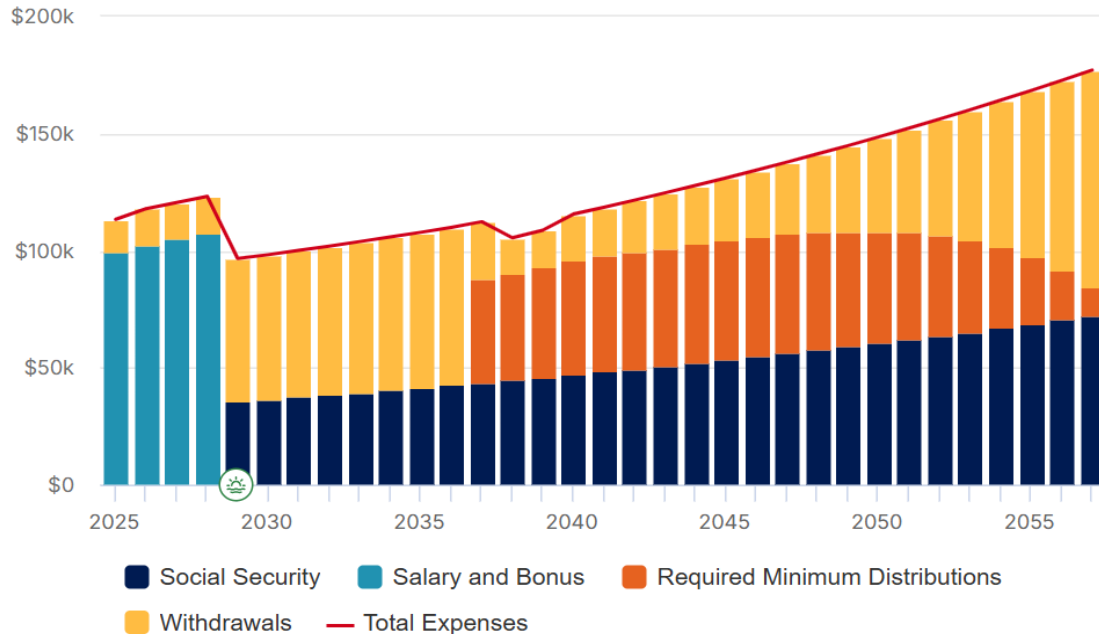
Hypothetical case study

John Smith:	Age 62
Retirement age:	Age 67
Life expectancy:	Age 95
Income:	\$100,000
Current living expenses:	\$75,000
Anticipated living expenses in retirement:	\$70,000




Comparing 401(k) vs Roth IRAs

Heavier weight in 401(k)



This hypothetical example is for illustrative purposes only using eMoney illustration software and is not representative of the future performance of any product. Past performance is no guarantee of future results. Assumes a 62-year-old single male with \$300k in a 401(k), \$300k in a Roth IRA, \$150k in taxable brokerage accounts and social security income of \$40,000 a year indexed for inflation at retirement. Note: This is in a test environment and subject to change. This is plan dependent. Many scenarios result in a lower probability of success score.

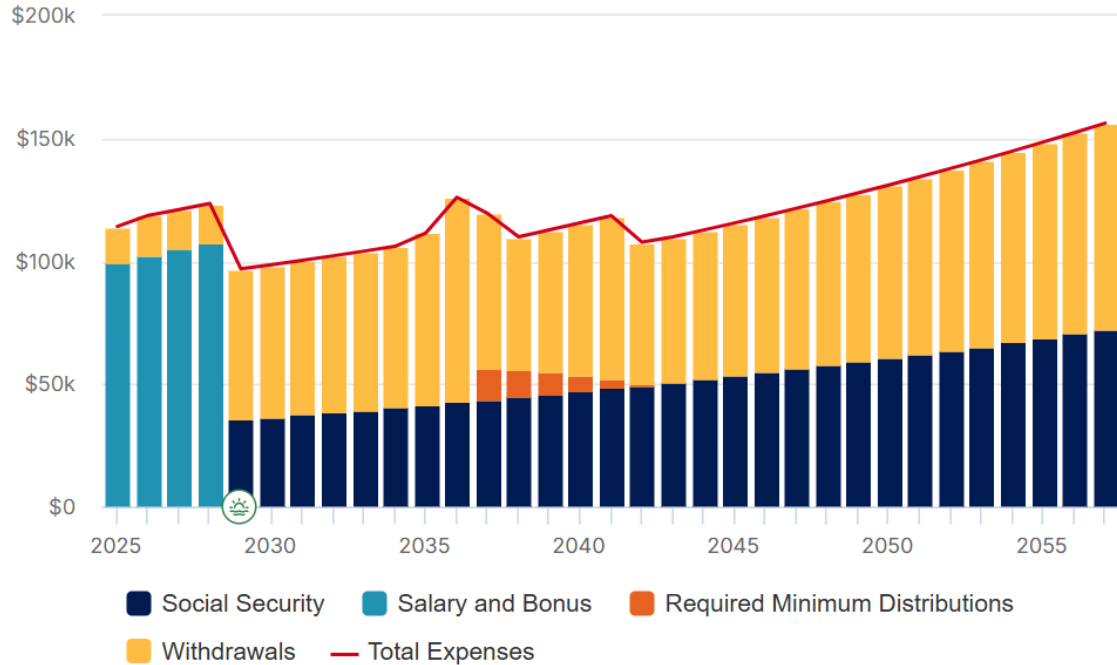
PROBABILITY OF SUCCESS 
84%

TOTAL PORTFOLIO ASSETS LEFT
\$1,117,575

AGE ASSETS LAST UNTIL
95

Comparing 401(k) vs Roth IRAs

Heavier weight in Roth IRA



PROBABILITY OF SUCCESS ⓘ
92%

TOTAL PORTFOLIO ASSETS LEFT
\$1,927,149

AGE ASSETS LAST UNTIL
95

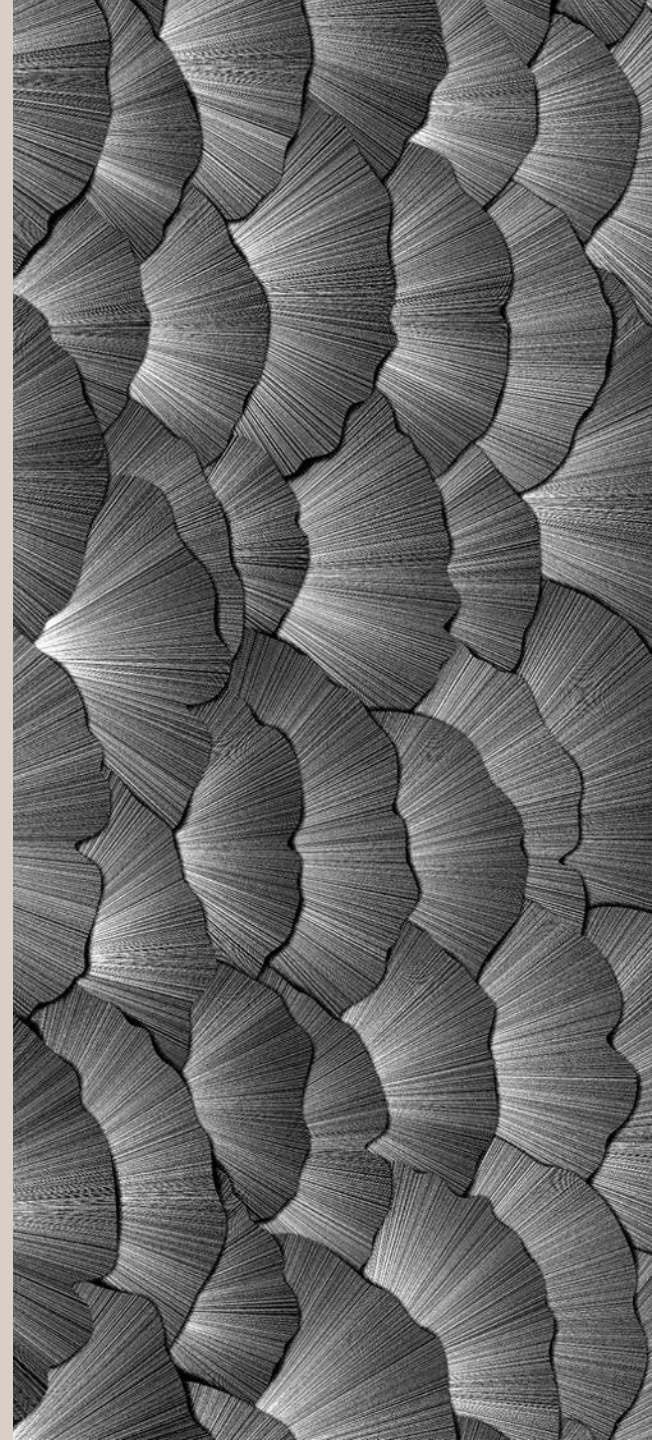
This hypothetical example is for illustrative purposes only using eMoney illustration software and is not representative of the future performance of any product. Past performance is no guarantee of future results. Assumes a 62-year-old single male with \$400k in a 401(k), \$300k in a Roth IRA, \$150k in taxable brokerage accounts and social security income of \$40,000 a year indexed for inflation at retirement. Note: This is in a test environment and subject to change. This is plan-dependent. Many scenarios result in a lower probability of success score.

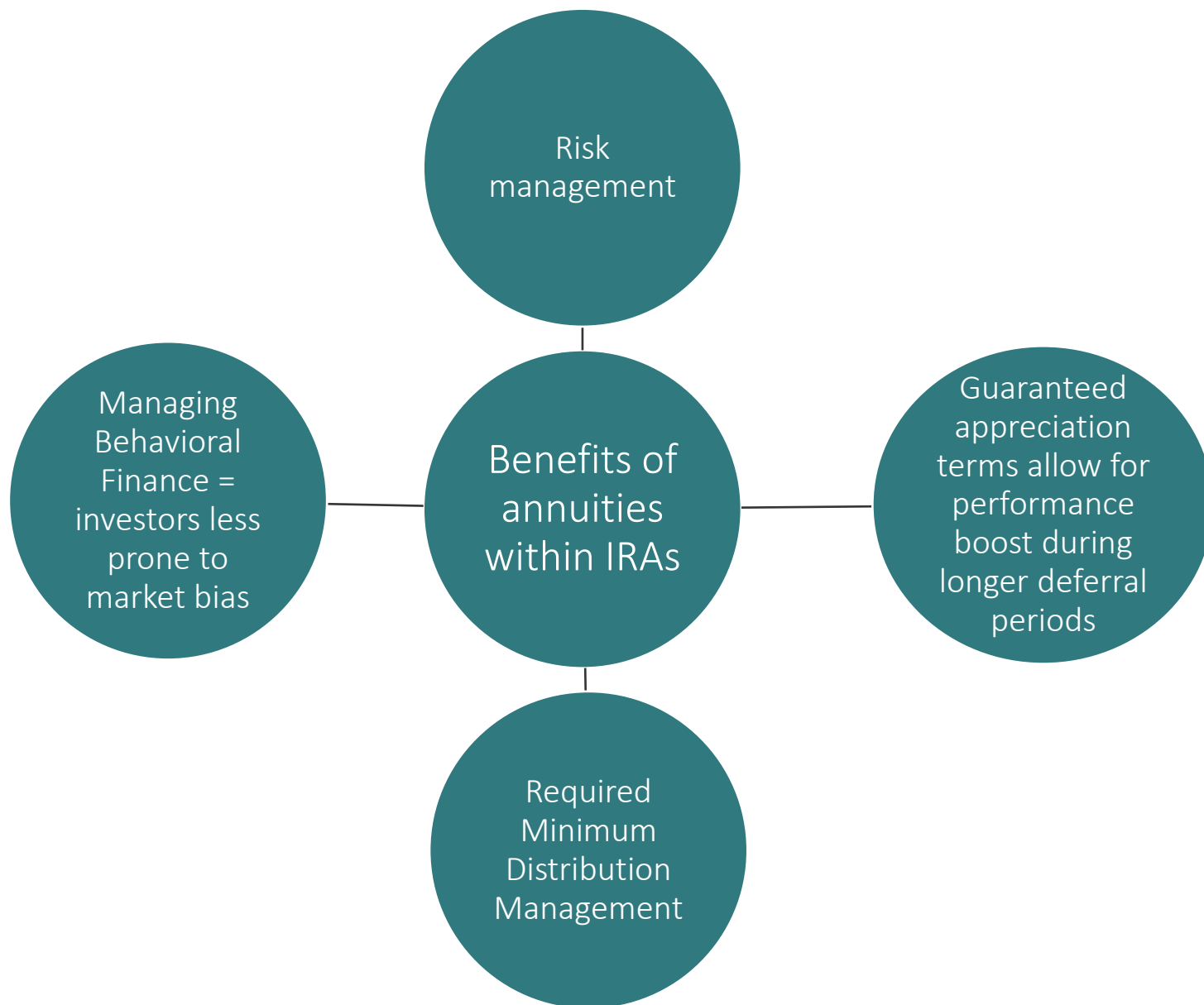


Positioning annuities in IRAs

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Source: Morgan Stanley., "Can Annuities Help Retirement Investors? Evaluating Our Allocations 10 Years Later," February 24, 2024.

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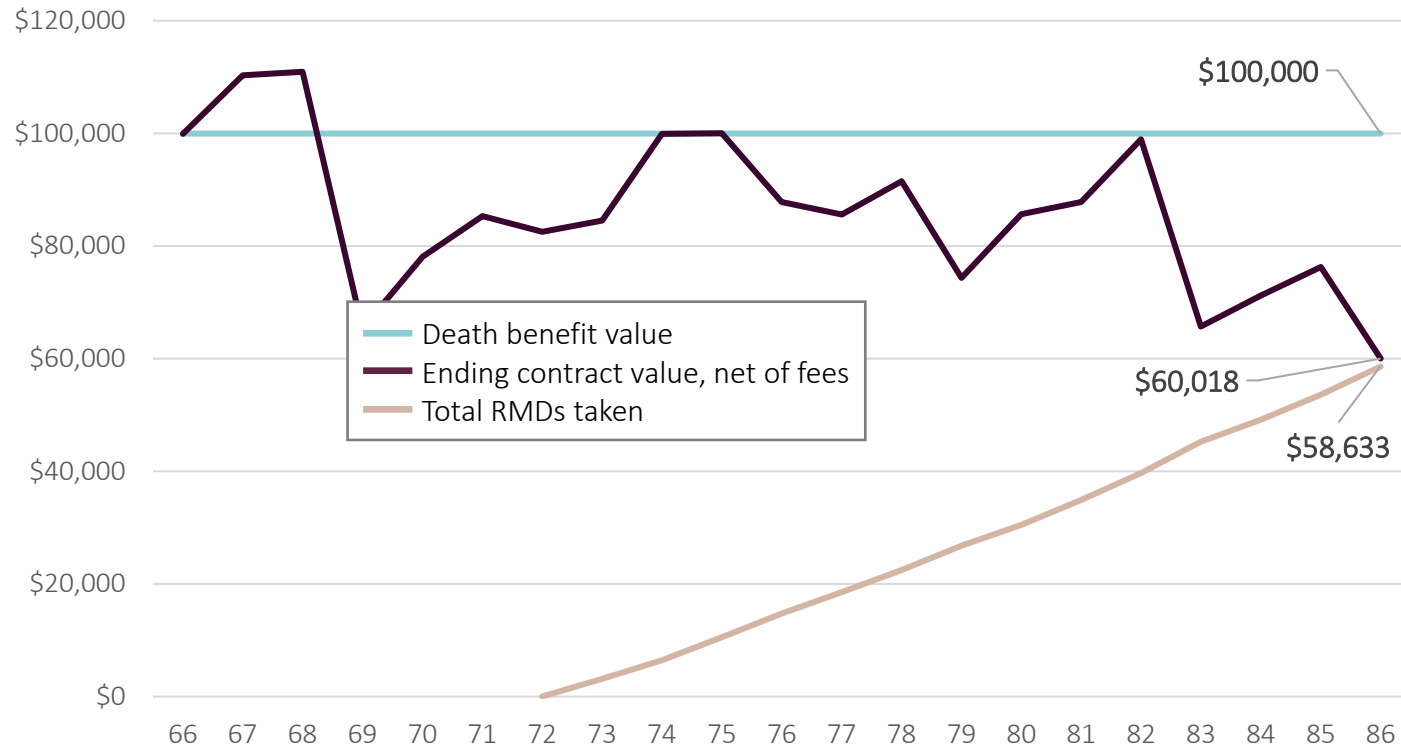
Guaranteed return of death benefit premiums and QCDs

There are IRA owners who do not want or need the income/tax liability associated with RMDs

By directly gifting RMDs from IRAs to charities, IRA owners can meet philanthropic goals and prevent RMDs from being reported as income on their tax returns

Annuity non-reducing death benefits can ensure that RMDs do not reduce the value of IRA legacy values.

Example



This hypothetical chart is for illustrative purposes only and is not representative of the past or future performance of any product. Past performance is no guarantee of future results.

Performance shown is based on the S&P 500 Index from 2005 - 2025. Indexes are unmanaged and are not available for direct investment. This chart assumes a total fee of 3.07%. All calculations performed by Jackson utilizing S&P 500 price return from 2005-2025.

- Bob has an IRA worth \$100,000 and has listed his two son's as primary beneficiaries
- Bob's first RMD at the age of 73 will be \$3,118. Bob will use QCDs to cover his RMD obligations and the IRA is funded with an annuity that has a non-reducing death benefit rider
- At his death, Bob's legacy goals are fulfilled and, since there is contract value left, his sons will inherit \$100,000 death benefit as opposed to the annuity cash value of \$60,018

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Positioning annuities in IRAs

Living benefit riders

Utility of annuities in IRAs

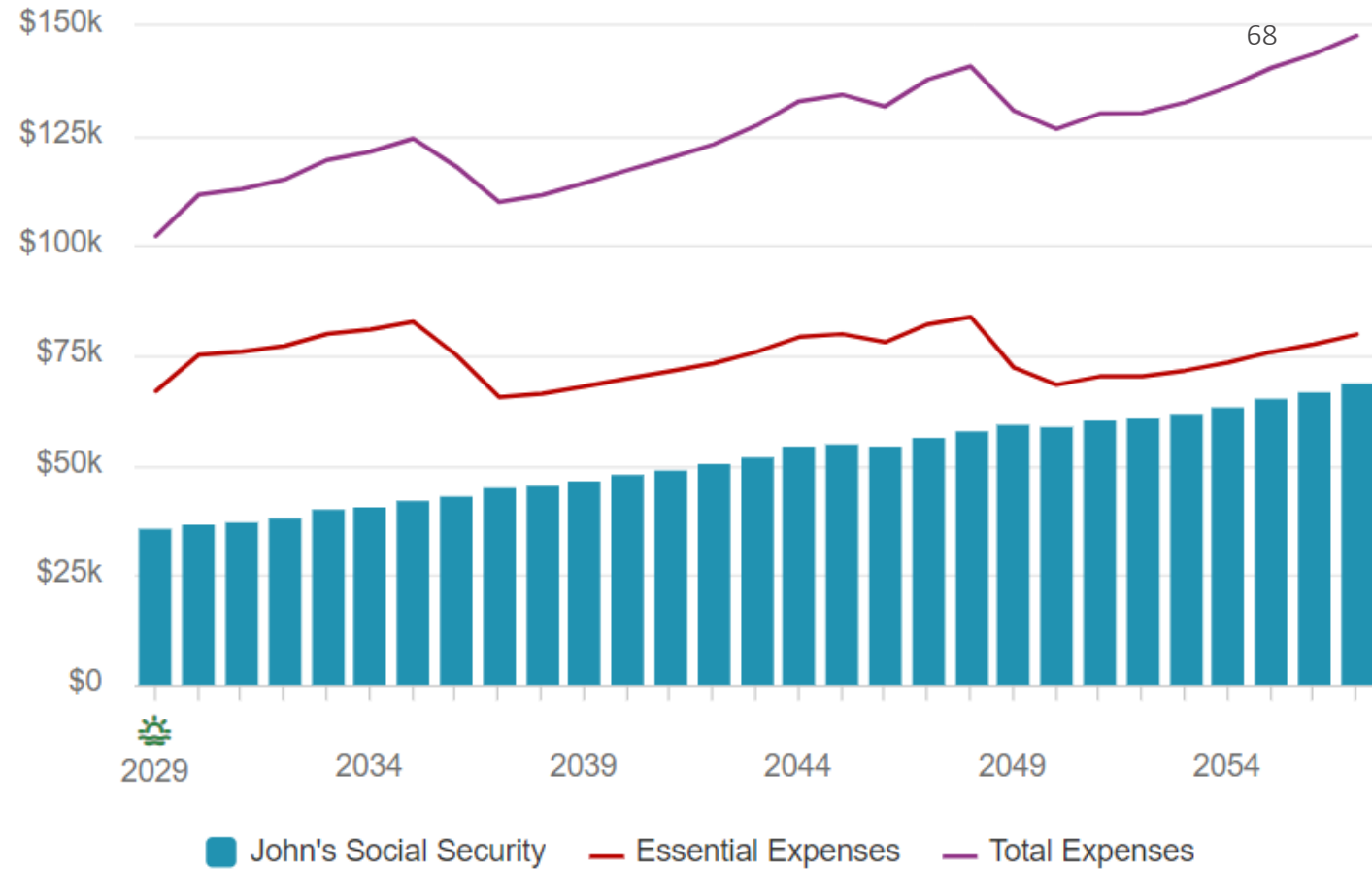
IRA owner concern	Possible strategy
Longevity	Annuity guaranteed living benefits can provide IRA income that the owner cannot outlive*
Market Volatility	Living benefits may provide lifetime income even when account values reach \$0 Some products (including registered index-linked annuities) may provide a level of downside protection
Legacy Planning	Annuity death benefits can potentially ensure/increase legacy value

* Add-on living benefits are available for an extra charge in addition to the ongoing fees and expenses of the variable annuity and may be subject to conditions and limitations. There is no guarantee that a variable annuity with an add-on living benefit will provide sufficient supplemental retirement income.

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Expenses covered without living benefit riders

This hypothetical example is for illustrative purposes only using eMoney illustration software and is not representative of the future performance of any product. Past performance is no guarantee of future results. Assumes a 62-year-old single male with \$700k in a 401(k) (without living benefit riders), \$300k in a Roth IRA, \$150k in taxable brokerage accounts and social security income of \$40,000 a year indexed for inflation at retirement. John Smith earns \$100,000 a year and would like to retire at 67 and needs \$70,000 after tax in income to cover living expenses. His assumed life expectancy is 95. Note: This is in a test environment and subject to change. This is plan-dependent. Many scenarios result in a lower probability of success score



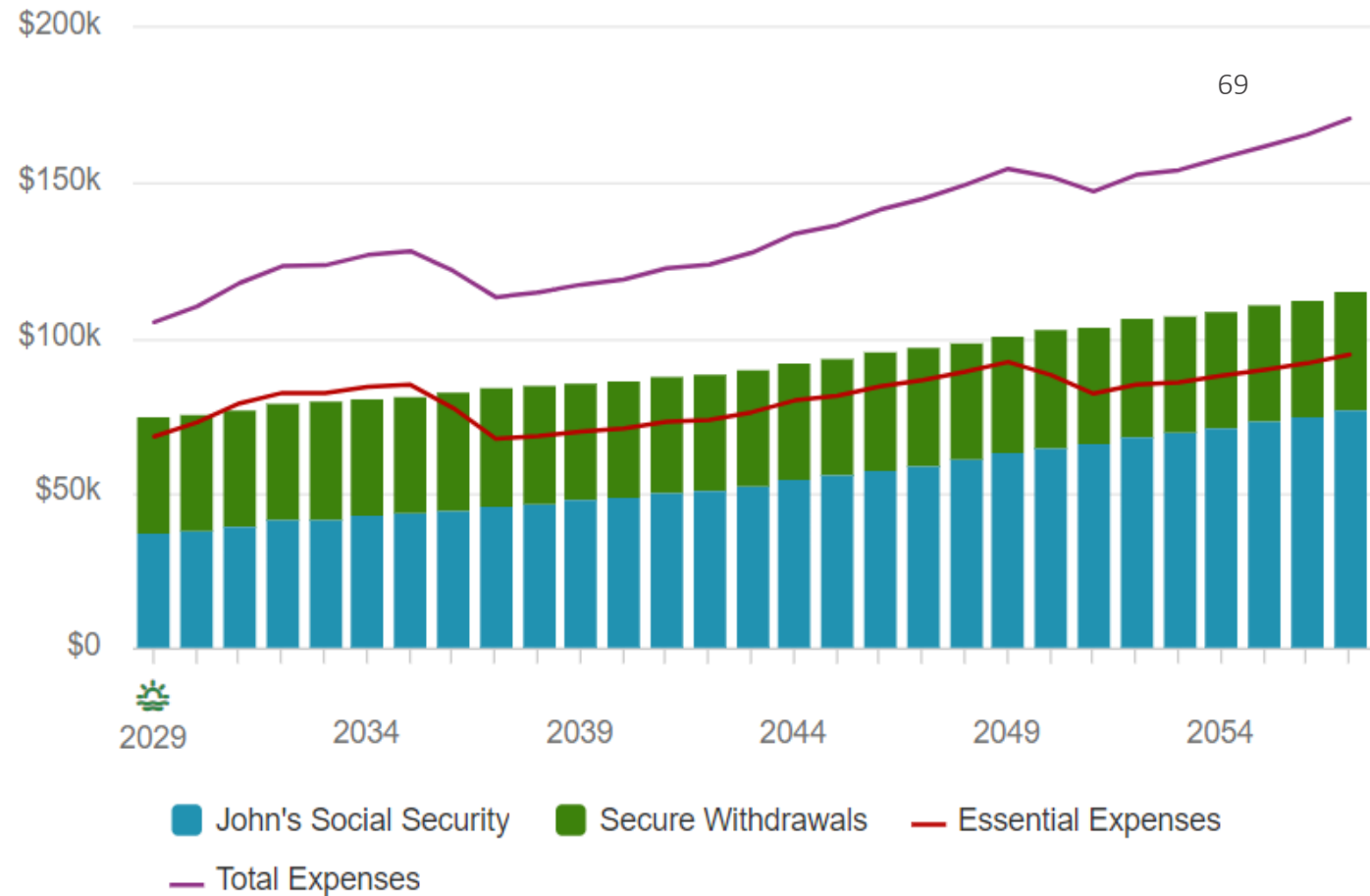
PROBABILITY OF SUCCESS ⓘ
72%

TOTAL EXPENSES COVERED ⓘ
41%

ESSENTIAL EXPENSES COVERED ⓘ
69%

Expenses Covered with Living Benefit Riders

This hypothetical example is for illustrative purposes only using eMoney illustration software and is not representative of the future performance of any product. Past performance is no guarantee of future results. Assumes a 62-year-old single male with \$700k in a traditional 401k (\$400,000 of which are funded by an VA policy with living benefit riders), \$300k in a Roth IRA, \$150k in taxable brokerage accounts and social security income of \$40,000 a year indexed for inflation at retirement. John Smith earns \$100,000 a year and would like to retire at 67 and needs \$70,000 after tax in income to cover living expenses. His assumed life expectancy is 95. Note: This is in a test environment and subject to change. This is plan-dependent. Many scenarios result in a lower probability of success score



PROBABILITY OF SUCCESS ?

81%

TOTAL EXPENSES COVERED ?

69%

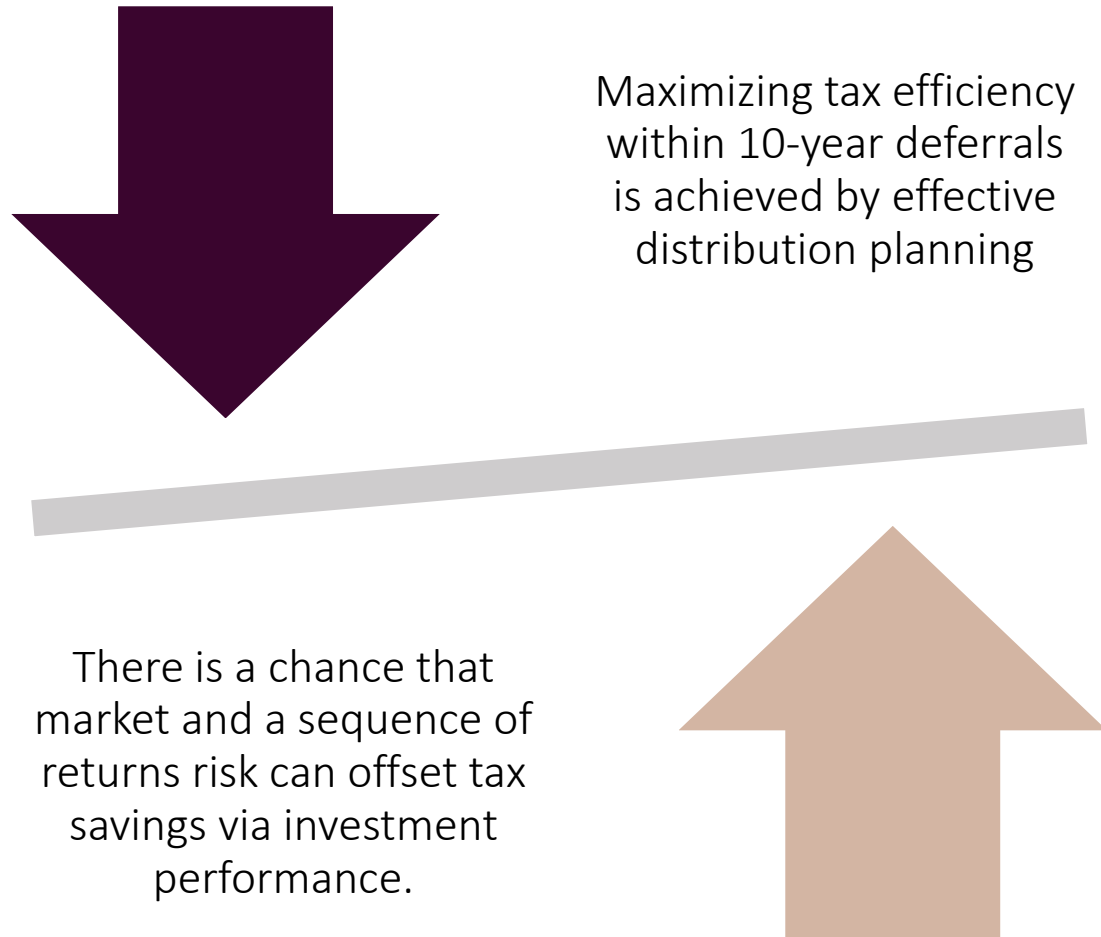
ESSENTIAL EXPENSES COVERED ?

115%

Positioning Annuities in IRAs

Solving for out in 10 inherited IRAs

RILAs in inherited IRAs



Registered index linked annuities offer upside returns of indices (up to a limit) while also offering a level of downside protection (buffers/floors) and can help balance these sometimes conflicting concerns.

Inherited IRAs with 10-year deferrals

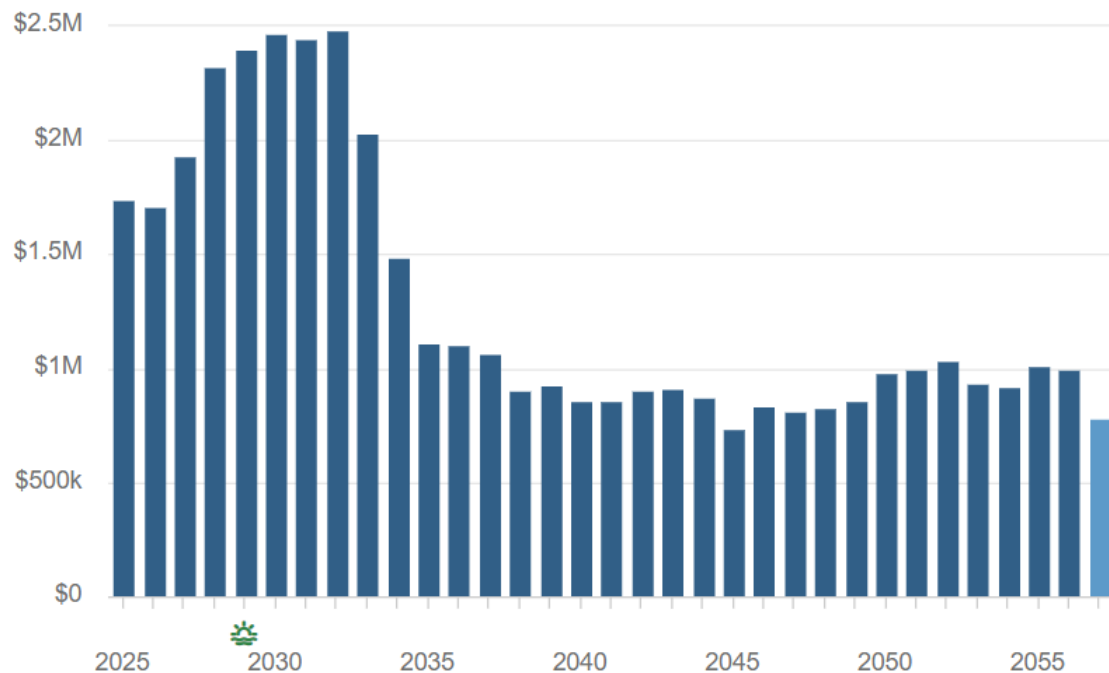
Hypothetical case study

John: Age 62
Retirement age: Age 67
Life expectancy: Age 95
Inherited IRA: \$500,000
Beneficiary Class: NEDB



Inherited 10-year deferral IRA

With poor returns without RILA



PROBABILITY OF SUCCESS ⓘ

74%

TOTAL PORTFOLIO ASSETS LEFT

\$783,578

AGE ASSETS LAST UNTIL

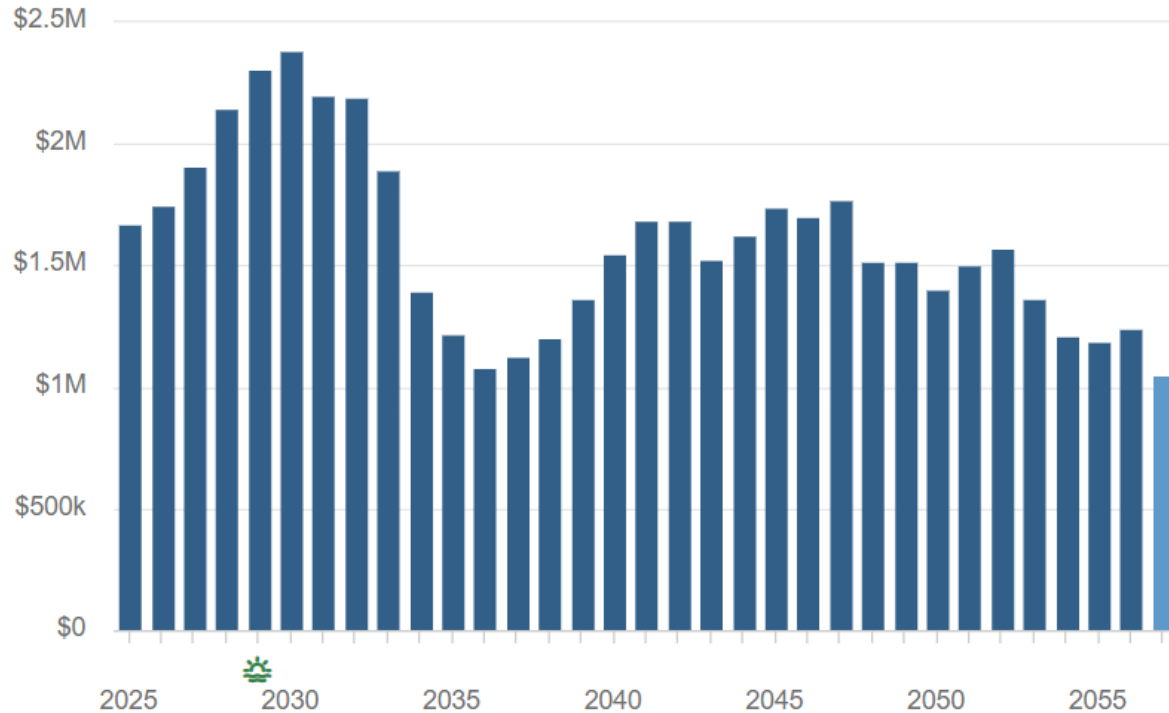
95

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Inherited 10-year deferral IRA

With poor returns without RILA



PROBABILITY OF SUCCESS ⓘ

83%

TOTAL PORTFOLIO ASSETS LEFT

\$1,053,895

AGE ASSETS LAST UNTIL

95

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In Conclusion

The SECURE Acts have complicated IRA planning, but income, legacy, and tax management opportunities can still be realized through the application and use of:

- Roth IRAs and Roth conversions
- QCDs
- Strategic beneficiary designations
- And annuities with living benefits, death benefits, and a level of downside protection

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Add-on benefits are available for an extra charge in addition to the ongoing fees and expenses of the variable annuity.

Tax deferral offers no additional value if an IRA or a qualified plan, such as a 401(k), is used to fund an annuity and may be found at a lower cost in other investment products. It also may not be available if the annuity is owned by a legal entity such as a corporation or certain types of trusts.

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