SECURITY BENEFIT

The Life of Your IRA

BEFORE RETIREMENT, AND BEYOND

Security Benefit®

Introduction

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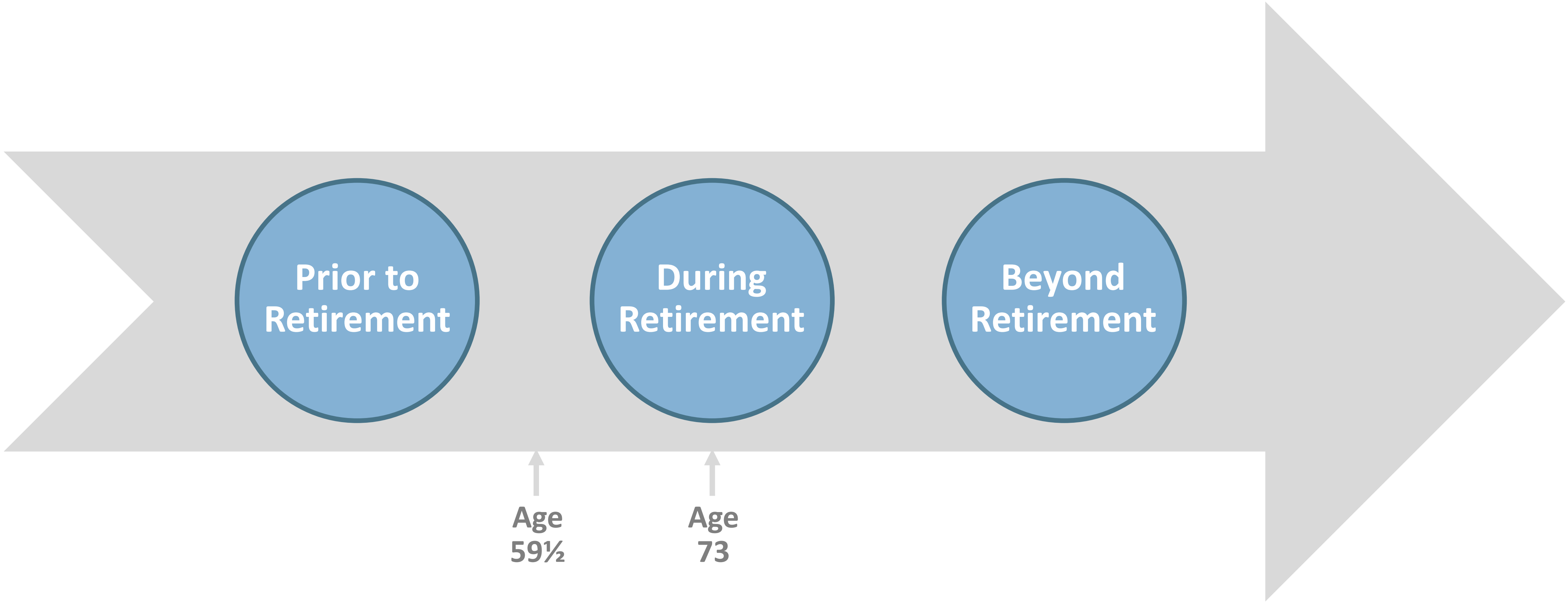
Agenda

- ✓ IRA Assets Prior to Retirement
- ✓ Withdrawals During Retirement
- ✓ Your IRA Beyond Retirement

The Life of Your IRA



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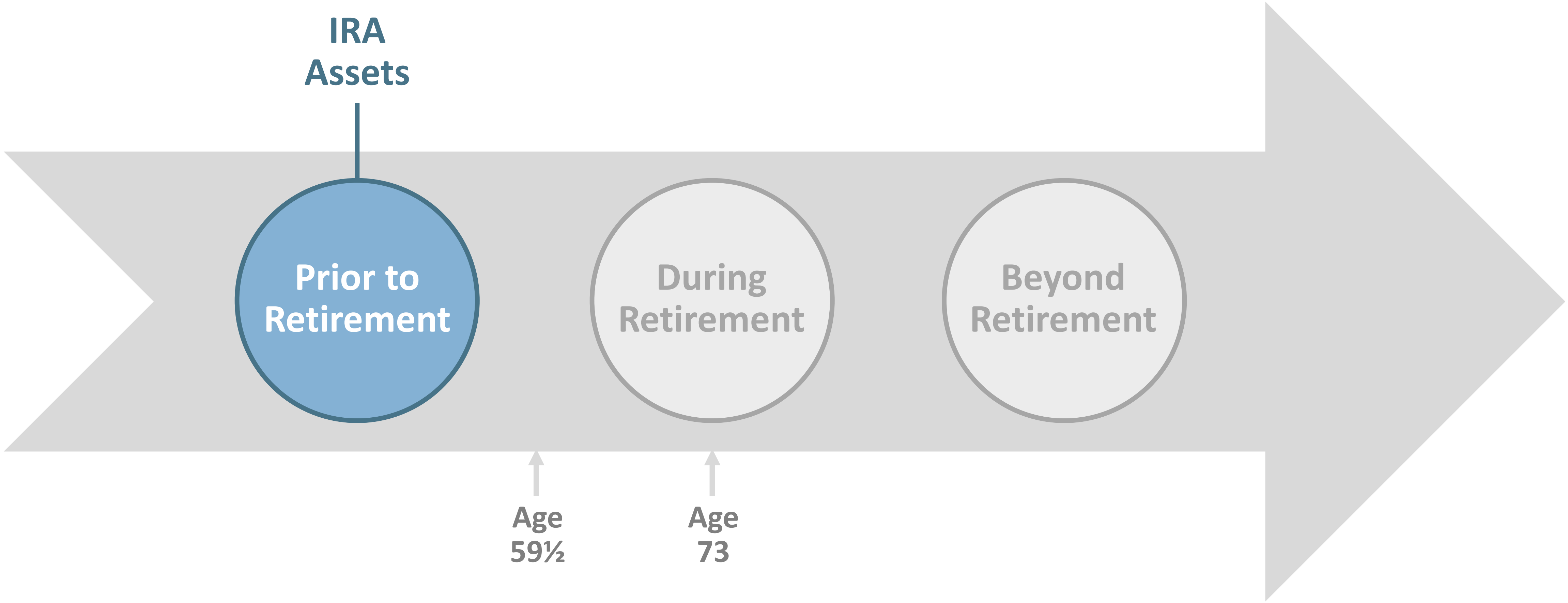
The Life of Your IRA



IRA Assets Prior to Retirement

72(t)

What happens if you need your IRA before you're 59½?

- Allows IRS 10% penalty to be waived for distributions
- All IRA owners can qualify for payments under 72(t)
- Make series of substantially equal periodic payments for the longer of 5 years or until you reach age 59½

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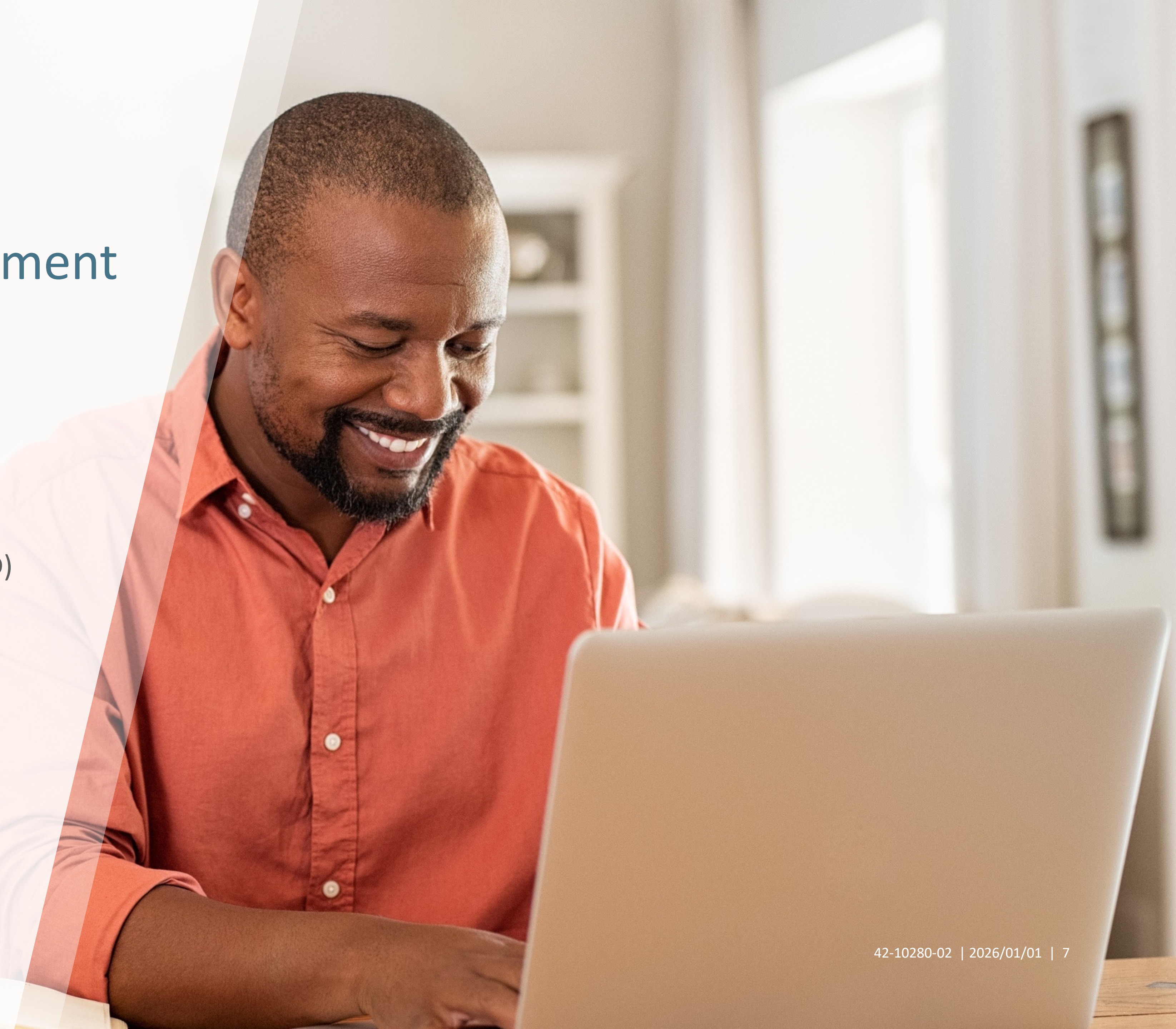
IRA Assets Prior to Retirement

72(t)

Three IRS Approved Methods

1. Required Minimum Distribution (RMD)
2. Fixed Amortization
3. Fixed Annuitization



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IRA Assets Prior to Retirement

Example

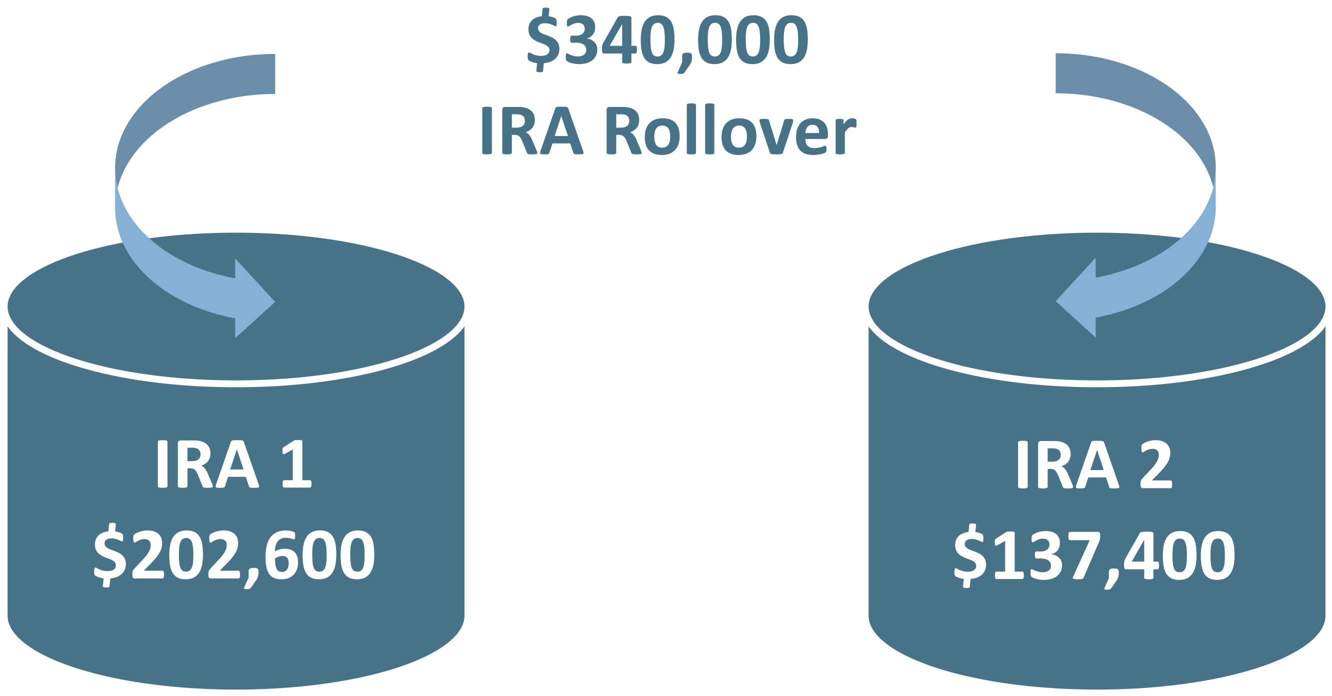
Should Michael take a cash out or rollover?

	No Rollover/ Cash Out	Direct IRA Rollover
Amount of Distribution	$340,000	$340,000
24% Income Taxes	**- $81,600**	$0
10% Early Distribution Penalty	**- $34,000**	$0
Amount Available for Income	$224,400	$340,000

Taking a cash out would cause Michael to lose 34% of his 401(k) assets.

IRA Assets Prior to Retirement

Example



Generate Additional Monthly Income

Invest for Retirement

Example assumes Michael is 48 years old, separates from his current employer and rolls his 401(k) into two, separate IRAs.

IRA Assets Prior to Retirement

Example

72(t) Calculation Methods for IRA[1] ($202,600)

72(t) Method	Amount per Year
Required Minimum Distribution Method[1]	$5,318
Annuitization Method[2]	$11,778
Amortization Method[2]	$12,000

[1] This calculation method does not include the Actuarial Present Value (APV) of any additional non-cash benefits included in your IRA. If the APV of such non-cash benefits was included, the Annual Amount would be higher.

[2] Based on age 48, $202,600 IRA balance, and 5.0% applicable federal rate

IRA Assets Prior to Retirement

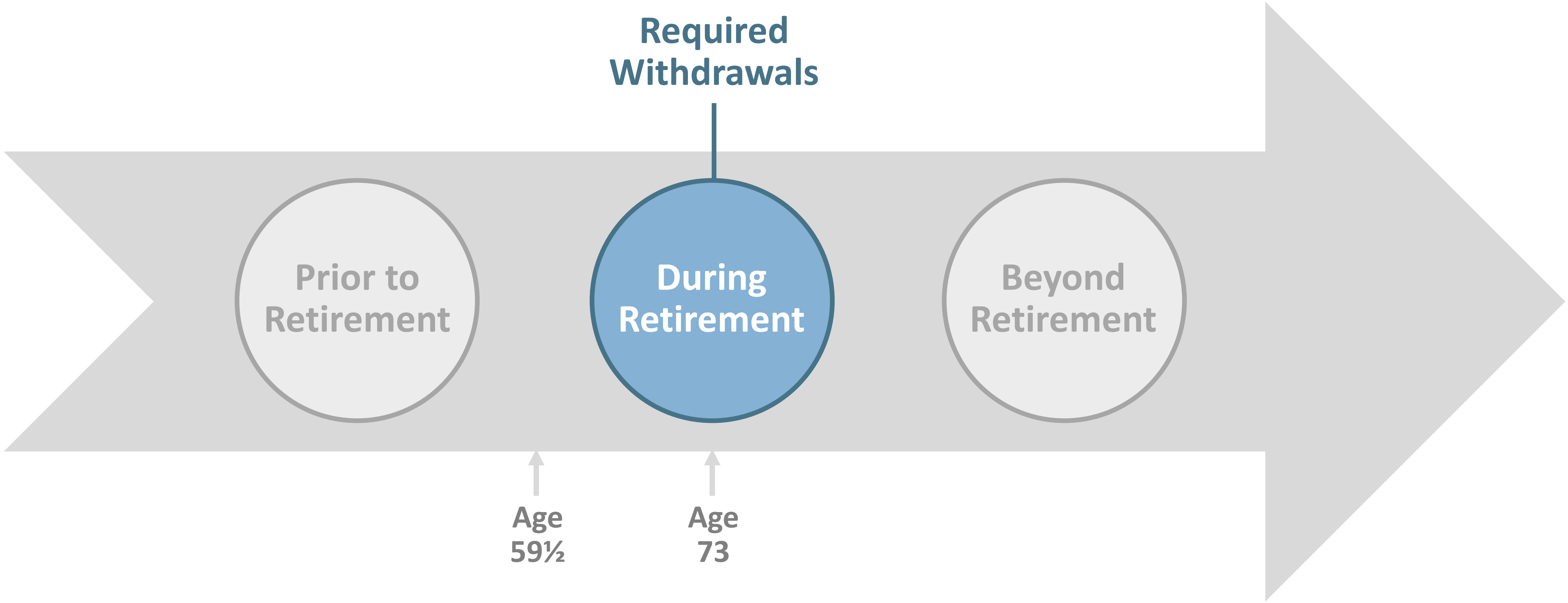
Example

72(t) Calculation Methods for IRA 1 ($202,600)

Life of IRA[1]	
Original IRA value	$202,600
72(t) (Amortization Method) Withdrawals *over the 12 years until Michael reaches age 59 ($1,000/month; $12,000/year)*	$144,000
Earnings During 12 Withdrawal Years	$141,123
Remaining IRA Value After 12 Years[3]	$199,723

[3] Assumes 6% return; $1,000 72(t) withdrawals taken at the end of the month.

The Life of Your IRA



Withdrawals During Retirement

RMD Guidelines

- Must start by April 1 following the year you turn 73
- By December 31 in each subsequent year
- Penalty for failure to take required minimum distributions is decreased from 50% to 25% and decreased even further to 10% if the failure is corrected during the two-year correction window.
- Roth IRAs are exempt from RMDs

Withdrawals During Retirement

RMD Calculation

Retirement Account Balance

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IRS Life Expectancy Factor

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Your RMD

Withdrawals During Retirement

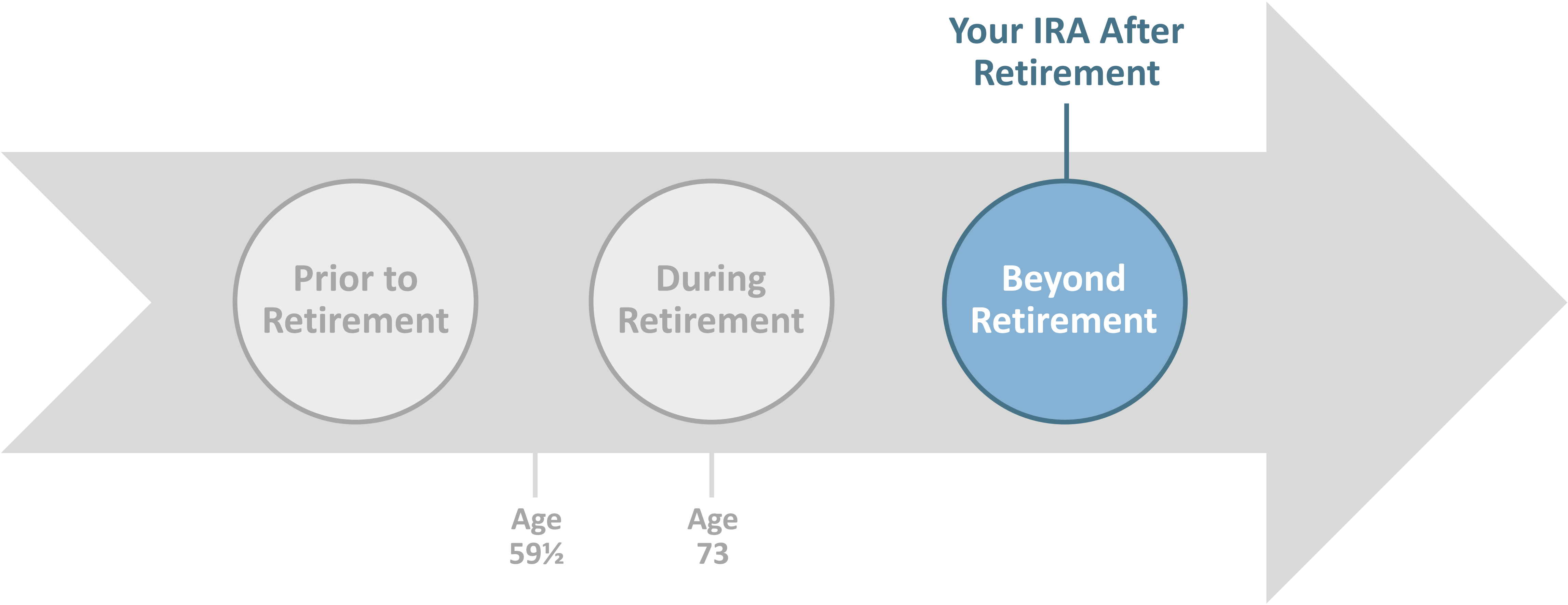
Example: John Smith is 80 and has a Traditional IRA worth $100,000.

What is his RMD?

IRA Value	$100,000
Age	80
ULT Factor	20.2
RMD	$4,950

IRS Uniformed Lifetime Table					
Age	ULT Factor	Age	ULT Factor	Age	ULT Factor
73	26.5	89	12.9	105	4.6
74	25.5	90	12.2	106	4.3
75	24.6	91	11.5	107	4.1
76	23.7	92	10.8	108	3.9
77	22.9	93	10.1	109	3.7
78	22	94	9.5	110	3.5
79	21.1	95	8.9	111	3.4
80	20.2	96	8.4	112	3.3
81	19.4	97	7.8	113	3.1
82	18.5	98	7.3	114	3
83	17.7	99	6.8	115	2.9
84	16.8	100	6.4	116	2.8
85	16	101	6	117	2.7
86	15.2	102	5.6	118	2.5
87	14.4	103	5.2	119	2.3
88	13.7	104	4.9	120+	2

The Life of Your IRA



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Your IRA Beyond Retirement

Extending the Benefits of an Inherited IRA

Through careful planning of beneficiary designations for retirement assets, your beneficiaries may be able to elect a distribution option that extends the tax-deferred, compounded growth of the IRA and spreads out payment of taxes.

- Shelter your beneficiary’s inheritance from estate taxes
- Allows further investment growth

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Your IRA Beyond Retirement

Extending the Benefits of an Inherited IRA

Upon the death of the account owner, the primary beneficiary makes the account his/her own (spousal) or makes it an inherited IRA (non-spousal):

- A spousal beneficiary designates their own primary and contingent beneficiaries, who may qualify for life expectancy distributions
- A non-spousal beneficiary designates a successor beneficiary to receive any remaining payments from the original 10-year distribution period

Your IRA Beyond Retirement

Types of Beneficiaries

- **Eligible Designated Beneficiary**
  A spouse, minor child of the account owner, someone less than 10 years younger than the account owner (a family member or friend), or someone who is chronically ill or disabled
- **Designated Beneficiary**
  Someone who is listed in the account records as beneficiary but who doesn't fit into the previous category of an eligible designated beneficiary, or a qualified see-through trust
- **Non-designated Beneficiary**
  An estate or a trust

Your IRA Beyond Retirement

Required Minimum Distribution (RMD) Rules

The Required Beginning Date (RBD) is April 1 of the year following the year that the original account owner attains the IRS designated RMD age.

Type of Beneficiary	Death Distributions Prior to the RBD	Death Distributions On or After the RBD
Eligible Designated Beneficiary	Life Expectancy Rule – Single Life Table, no recalculation	Life Expectancy Rule – Single Life Table, no recalculation
Designated Beneficiary	10-year Rule – Account must be liquidated by the end of the 10th year following the original account owner's year of death.	10-year Rule – Distributions must continue over the life expectancy (Single Life Table, no recalculation) of the designated beneficiary and the account must be liquidated by the end of the 10th year following the account owner's year of death **or** the end of the designated beneficiary's life expectancy, **whichever is earlier.**
Non-designated Beneficiary	5-year Rule – Account must be liquidated by the end of the 5th year following the original account owner's year of death.	5-year Rule – Distributions over the original account owner’s remaining life expectancy (Single Life Table, no recalculation) and the account must be liquidated by the end of the fifth year following the account owner's year of death.

Your IRA Beyond Retirement

Required Minimum Distribution (RMD) Rules

The Required Beginning Date (RBD) is April 1 of the year following the year that the original account owner attains the IRS designated RMD age.

Type of Beneficiary	Death on, or before, RBD	Death after RBD
Spousal Beneficiary	Spousal Rollover – A spouse can roll the entire amount into their own IRA or designate the IRA as their own. If the spouse has not reached their RBD, no distributions are required in the year after the original account owner's death. If the spouse has reached the RBD, distributions in the year following the year of death are based on the surviving spouse's life expectancy (Uniform Lifetime Table, recalculation). Spouse as Beneficiary – Distributions must begin by the end of the calendar year in which the original account owner would have reached age 73 had they lived. Distributions must then be made over the surviving spouse's life expectancy (Single Life Table, recalculation).	Spousal Rollover – A spouse can roll the entire amount into their own IRA or designate the IRA as their own. If the spouse has not reached their RBD, no distributions are required in the year after the original account owner's death. If the spouse has reached the RBD, distributions in the year following the year of death are based on the surviving spouse's life expectancy (Uniform Lifetime Table, recalculation). Spouse as Beneficiary – Distributions must begin by the end of the calendar year following death. The spouse's life expectancy is used (Single Life Table, recalculation). In either case, the normal RMD for the year of death is required as though the original account owner had not died.

Your IRA Beyond Retirement

Meet Ed

Ed’s Original IRA Value at Age 60	$300,000
IRA Value when Ed’s RMDs Begin at Age 73	$639,878
Years Ed Collects RMDs	14
Total Ed Received in RMDs	$487,053
Remaining IRA Value when Ed Dies at Age 86	**$708,292**

Example assumes 6% annual rate of return on the investment and a combined tax rate of 24%.

Your IRA Beyond Retirement

Meet Ed's Wife, Mary

IRA Value when Mary's RMDs Begin at Age 76	$708,292
Years Mary Collects RMDs	12
Total Mary Received in RMDs	$497,418
Remaining IRA Value when Mary Dies at Age 88	**$708,543**

Example assumes 6% annual rate of return on the investment and a combined tax rate of 24%.

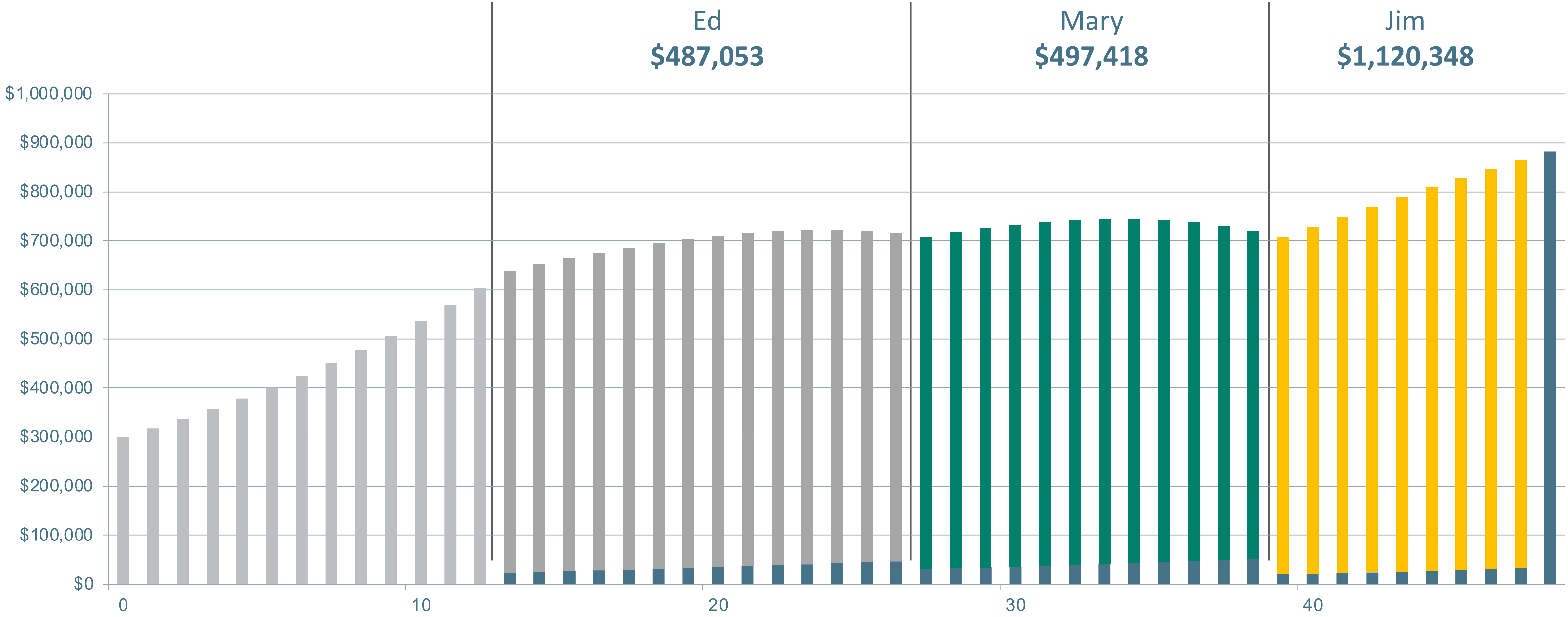
Your IRA Beyond Retirement

Meet Ed and Mary’s Son, Jim

IRA Value when Jim’s RMDs Begin at Age 51	$708,543
Years Jim Collects RMDs	10
Total Jim Received in RMDs	$1,120,348
Remaining IRA Value when Jim’s RMDs stop	**$0**

Example assumes 6% annual rate of return on the investment and a combined tax rate of 24%.

Your IRA Beyond Retirement



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Summary

- ✓ IRA Assets Prior to Retirement
- ✓ Withdrawals During Retirement
- ✓ Your IRA Beyond Retirement

Thank You

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TO AND THROUGH RETIREMENT

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