MassMutual Ascend
Life Insurance Company

# Submitting Inherited IRA Business

At MassMutual Ascend Life Insurance Company®, we value your business and strive to make doing business with us easy. We issue both Inherited IRAs and inherited nonqualified annuities to non-spouse beneficiaries. Different rules apply depending on the tax qualification. ***To help ensure your paperwork is complete and avoid processing delays for an Inherited IRA, please review the questions below.***

### Who qualifies for an Inherited IRA from MassMutual Ascend?

- The applicant must be a **non-spouse** beneficiary of a Traditional IRA, SEP IRA, SIMPLE IRA, 401 Pension/Profit-Sharing/401(k) plan, 403(b) plan, or governmental 457(b) plan. Due to systems limitations and the terms of our Inherited IRA endorsement, we cannot issue an Inherited IRA to a surviving spouse, but we can issue a standard (non-inherited) IRA contract to a surviving spouse as a spousal rollover.
- **No Roth funds** can be accepted (the funds cannot be from a Roth IRA or from a designated Roth account under a 401(k), 403(b), or 457(b) plan).
- If the deceased prior owner died after the RMD Required Beginning Date, or if payments are otherwise to be made based on a life expectancy, to meet our internal product pricing requirements, the person whose life expectancy is to be used must be **age 76 or under** on the issue date.
- If the RMD rules will require payment in full within five or ten years after the death of the original owner, the **early withdrawal charge period** for the annuity product must end before the completion of that five- or ten-year period.
- Due to how our Inherited IRA endorsements were filed with the state departments of insurance, we cannot issue a SPIA as an Inherited IRA.

### Is there a time limit on funding an Inherited IRA?

- There is no time limit on setting up or funding an Inherited IRA so long as the applicant qualifies on the issue date.
- If the first payment is not made by December 31 of the year following death:
  - if the Decedent died on or after the Required Beginning Date, there may be a penalty tax for failure to take the RMD under the At Least as Rapidly Rule
  - if the Decedent died before the Required Beginning Date, it may be treated as an election to use the Five Year Rule or the Ten Year Rule.

### What products may be sold as an Inherited IRA?

- Only certain products can be sold as an Inherited IRA. Please see the product reference guide and state approval chart for details.
- An Inherited IRA **cannot** be issued with an optional income rider or death benefit rider.

## Completing the Application

### How should the owner section of the application for an Inherited IRA be completed?

- Insert the new owner's on the line after ***Owner is an Individual*** or ***Owner is a Trust, Custodian, Guardian, Conservator, Corporation/Partnership/LLC***, as applicable.
- Insert the deceased original owner's name after ***If Inherited, Name of Decedent***.

Our administrative system will take these entries and title the contract as "[New Owner Name] as beneficiary of [Decedent Name]"

### Who should be the annuitant for the Inherited IRA?

- If the owner is a **living person**:
  - In the owner should also be designated as the annuitant.
- If the owner is a **trust**:
  - The annuitant should be the trust beneficiary for whose benefit the contract is being purchased, or if more than one, the eldest trust beneficiary.

### Who should be the beneficiary for the Inherited IRA?

- If the owner is a **living person**, then there are no restrictions on the beneficiary designation.
- If the owner is a **trust**, then the trust itself should be named as the beneficiary of the Inherited IRA.
- If the owner is a **UTMA custodian, guardian, or conservator**, then the estate of the minor or protected person should be named as the beneficiary of the Inherited IRA.
- If the owner is a **custodial Inherited IRA** with a bank or brokerage firm, the custodial account itself should be named as the beneficiary of the Inherited IRA.

## Funding the Contract

### How can my client fund an Inherited IRA?

- An Inherited IRA can **only** be funded through a **direct transfer** from an IRA or a **direct rollover** from a SIMPLE IRA, a 401 Pension/Profit-Sharing, or 401(k) plan, 403(b) plan, or governmental 457(b) plan.
- If the death claim has been paid out directly to the applicant, it is no longer possible to use the proceeds to fund an Inherited IRA.
- Personal checks cannot be taken under any circumstance. Bank cashier's checks or electronic transfers, or brokerage firm checks or electronic transfers, may be taken only if the bank or brokerage firm was the custodian or trustee of the prior IRA or employer retirement plan.
- In the case of a direct transfer from an IRA, any unpaid RMD payments for a prior year may paid by the prior IRA provider or by us as a pre-issue refund.
- In the case of a direct rollover from an employer retirement plan, any unpaid RMD for the current year or any prior year must be paid before the rollover. Tax law does not allow the RMD for the current or any prior year to be rolled over to an IRA because the RMD amount does not qualify as an "eligible rollover distribution".

### If my client is the beneficiary of multiple IRAs or employer retirement plans, can the funds be consolidated into one single Inherited IRA?

- Yes, as long as the funds all come from the same Decedent – you cannot commingle funds from a IRA or employer retirement plan of one Decedent with funds from a IRA or employer retirement plan of a different Decedent.
- If an Inherited IRA receives a rollover from an employer retirement plan, then all funds in that Inherited IRA must be distributed in compliance with the RMD rules that applied to that retirement plan. For example, if the employer retirement plan requires payment in full by the end of the fifth year following death, then that requirement will apply to all funds held in the same Inherited IRA that received the rollover of those employer retirement plan funds.
- Qualified funds cannot be commingled with nonqualified funds.

## Special New Business Forms

### What special Inherited IRA RMD form must be submitted with the new business paperwork?

The applicant must complete one of the following:

- The **Inherited IRA RMD Form** (S2652911NW); or
- If the Inherited IRA annuity contract is to be held by a bank or trust company Inherited IRA custodial account, the **Supplemental Information for Inherited IRA Custodial Account** (S2658813NW) form, under which the custodial account provider takes responsibility for all RMD payments; or
- If the Inherited IRA is one of multiple Inherited IRAs of the applicant derived from the same Decedent, and the owner wishes to aggregate the Inherited IRAs for RMD purposes and take the RMD for the MassMutual Ascend contract from some other contract, the **Request for Exemption from RMD Systematic Payments for Inherited IRA due to Multiple Inherited IRA Accounts** (S11103116NW) form.

### What else is needed if a trust will own an Inherited IRA, or if the Inherited IRA funds are passing through a trust?

In addition to the special **Inherited IRA RMD Form**, a trust must also submit:

- The **Trust Certification and Agreement** (X6017907NW)
- The **See-Through Trust Certification** (X6057518NW) *(previously called the Inherited Contract Addendum)*

### Does MassMutual Ascend require a death certificate be submitted with the new application?

No, a death certificate is not required to be submitted with a new business application. In limited cases, we may request a photocopy of the death certificate if clarification is needed.

### What is the relationship of the Decedent to the Owner?

The relationship between the Decedent and the Owner must be clearly stated on the Inherited IRA RMD form.

- We **do not** accept "other" without a more specific description.
- We can issue an Inherited IRA to an Ex-spouse. It is the current carrier's responsibility to determine whether the divorce invalidated a beneficiary designation. We do not require anything additional.

## Required Minimum Distribution Information

### What definitions do I need to know to apply the RMD rules?

- **Decedent:** The Decedent is generally the original owner of the funds, and the person who was (or would have been) subject to the normal RMD rules that apply before death. In the case where a surviving spouse inherits an IRA and elects to treat it as his or her own, or inherits an employer retirement plan benefit and does a spousal rollover to his or her own IRA, the Decedent is the deceased surviving spouse, and not the first spouse to die.
- **Required Beginning Date**:
  - o If the Decedent was born on or after 7/1/1949, the Required Beginning Date is generally April 1 following the year the Decedent reached age 72.
  - o If the Decedent was born on or before 6/30/1949, the Required Beginning Date is generally April 1 following the year the Decedent reached age 70½).

  These rules are reflected in the following table:

| ***Decedent's Date of Birth*** | ***Trigger Age*** | ***Required Beginning Date*** |
|---|---|---|
| On or before 6/30/48 | 70½ | 4/1 of year following age 70 ½ |
| 7/1/48 to 6/30/49 | 70½ | 4/1/20 |
| 7/1/49 to 12/31/49 | 72 | 4/1/22 |
| Any date in 1950 | 72 | 4/1/23 |
| Any date in 1951 | 72 | 4/1/24 |
| Any date after 1951 | 72 | 4/1 of year following age 72 |

  *Limited Exception:* For funds held in some employer retirement plans, the plan may provide for a participant who is not a 5% owner that the required beginning date is April 1 following the later of (i) the year the participant reached age 72 (or age 70½) or (ii) the year the participant retired from the employer.

- **Designated Beneficiary:** A Designated Beneficiary is a living person or a See-Through Trust who was designated by the Decedent (or by the terms of a retirement plan or IRA) to receive the Decedent's interest in the retirement plan or IRA death benefit. For RMD purposes, an estate or a trust that is not a See-Through Trust is never considered a Designated Beneficiary even if the Decedent affirmatively designated his or her estate or that trust as beneficiary.
- **Eligible Designated Beneficiary:** An Eligible Designated Beneficiary is a Designated Beneficiary (as defined above) who is:
  - o A living person who is older than the Decedent; or
  - o A living person who is not more than 10 years younger than the Decedent; or
  - o A child of the Decedent who was under age 21 on the Decedent's date of death; or
  - o A living person who is totally and permanently disabled or chronically ill on the Decedent's date of death, a trust for the sole benefit of such a disabled or chronically ill person, or an applicable multi-beneficiary trust for the benefit of such a disabled or chronically ill person.*(we do not require documentation supporting the claim of disability or chronic illness.)*
- **See-Through Trust:** A See-Through Trust is an irrevocable trust where all of the current and relevant remainder beneficiaries are identifiable living persons. The **See-Through Trust Certification** (X6057518NW) contains information about what beneficiaries are considered relevant. A trust that has a current or a relevant remainder beneficiary that is a charity cannot be a See-Through Trust. Whenever a Designated Beneficiary is a See-Through Trust, the life expectancy of the beneficiary is based on the age of the eldest current or relevant remainder trust beneficiary, regardless of whether the Inherited IRA is to be owned by the trust or directly by a trust beneficiary.
- **At Least as Rapidly Rule:** When applicable, the At Least as Rapidly Rule requires payments to continue over an unrecalculated single life expectancy.  The life expectancy to be used it the longer of the life expectancy of the Decedent or the life expectancy of the Designated Beneficiary.
- **Life Expectancy Rule:** When applicable, the Life Expectancy Rule requires payments to be paid out over the unrecalculated single life expectancy of the Designated Beneficiary, beginning by December 31 of the year following the Decedent's death.
- **Five Year Rule:** When applicable, the Five Year Rule requires the entire balance to be paid out by December 31 of the fifth year after the year of the Decedent's death.
- **Ten Year Rule:** When applicable, the Ten Year Rule requires the entire balance to be paid out by December 31 of the tenth year after the year of the Decedent's death. When the Eligible Designated Beneficiary is a child of the

Decedent under age 21, a delayed Ten Year Rule requires the entire balance to be paid out by December 31 of the year in which the child reaches (or would have reached) age 31.

- **Inherited Inherited Ten Year Rule:** When applicable, the inherited Inherited Ten Year Rule requires the entire balance to be paid out by December 31 of the tenth year after the year of the of the Designated Beneficiary, or if earlier, under the Ten Year Rule that applied to the prior Inherited IRA.

### What RMD rules apply to an Inherited IRA?

The RMD rules that apply to an Inherited IRA depend on whether the Decedent died before or after the Required Beginning Date, whether the Decedent died before or after the effective date of the SECURE Act (1/1/2020), and the type of beneficiary that will own the Inherited IRA. A special set of rules apply to an inherited Inherited IRA (an Inherited IRA that continues after the death of the Inherited IRA owner).

- **Decedent died on or after the Required Beginning Date**

<table>
<tr><th>Type of Beneficiary</th><th>Decedent died on or after 1/1/2020</th><th>Decedent died before 1/1/2020</th></tr>
<tr><td>Designated Beneficiary who is not an Eligible Designated Beneficiary</td><td>Both At Least as Rapidly Rule and Ten Year Rule: For first nine years after Decedent’s death, RMD based on unrecalculated life expectancy, with remaining balance distributed by 12/31 of tenth year after Decedent’s death<br><br>On RMD form:<br>o Life Expectancy Payments: (a) YES<br>o Lump Sum Payout: (a) TEN YEAR RULE</td><td rowspan="4">At Least as Rapidly Rule: RMD based on unrecalculated life expectancy<br><br>On RMD form:<br>o Life Expectancy Payments: (a) YES<br>o Lump Sum Payout: (b)(1) EXEMPT – Death before 1/1/2020</td></tr>
<tr><td>Eligible Designated Beneficiary (other than Decedent’s healthy child under age 21)</td><td>At Least as Rapidly Rule: RMD based on unrecalculated life expectancy<br><br>On RMD form:<br>o Life Expectancy Payments: (a) YES<br>o Lump Sum Payout: (b) EXEMPT (check (b)(2), (b)(3), or (b)(4))</td></tr>
<tr><td>Eligible Designated Beneficiary who is Decedent’s healthy child under age 21</td><td>At Least as Rapidly Rule with delayed Ten Year Rule: Until Beneficiary reaches age 31, RMD based on unrecalculated life expectancy, with remaining balance distributed in year Beneficiary reaches age 31<br><br>On RMD form:<br>o Life Expectancy Payments: (a) YES<br>o Lump Sum Payout: (b)(5) EXEMPT – Child under age 21</td></tr>
<tr><td>No Designated Beneficiary</td><td>At Least as Rapidly Rule: RMD based on unrecalculated life expectancy<br><br>On RMD form:<br>o Life Expectancy Payments: (a) YES<br>o Lump Sum Payout: (b)(6) EXEMPT – No designated beneficiary, with death on or after Required Beginning Date</td></tr>
</table>

- **Decedent died <u>before</u> the Required Beginning Date**

<table>
<tr><th>Type of Beneficiary</th><th>Decedent died on or after 1/1/2020</th><th>Decedent died before 1/1/2020</th></tr>
<tr><td>Designated Beneficiary who is not an Eligible Designated Beneficiary</td><td>Ten Year Rule: Full balance must be distributed by 12/31 of tenth year after Decedent’s death<br>On RMD form:<br>o Life Expectancy Payments: (c) NO<br>o Lump Sum Payout: (a) TEN YEAR RULE</td><td rowspan="3">Must have elected Life Expectancy Rule: RMD based on unrecalculated life expectancy<br>On RMD form:<br>o Life Expectancy Payments: (b) YES<br>o Lump Sum Payout: (b)(1) EXEMPT – Death before 1/1/2020</td></tr>
<tr><td>Eligible Designated Beneficiary (other than Decedent’s healthy child under age 21)</td><td>Elect between Life Expectancy Rule and Ten Year Rule: RMD based on unrecalculated life expectancy<br>On RMD form, either:<br>o Life Expectancy Payments: (b) YES<br>o Lump Sum Payout: (b) EXEMPT (check (b)(2), (b)(3), or (b)(4))<br>or<br>o Life Expectancy Payments: (c) NO<br>o Lump Sum Payout: (a) TEN YEAR RULE</td></tr>
<tr><td>Eligible Designated Beneficiary who is Decedent’s healthy child under age 21</td><td>Elect between Life Expectancy Rule with delayed Ten Year Rule, or standard Ten Year Rule: If Life Expectancy Rule elected, until Beneficiary reaches age 31, RMD based on unrecalculated life expectancy, with remaining balance distributed in year Beneficiary reaches age 31<br>On RMD form, either:<br>o Life Expectancy Payments: (b) YES<br>o Lump Sum Payout: (b)(5) EXEMPT<br>or<br>o Life Expectancy Payments: (c) NO<br>o Lump Sum Payout: (a) TEN YEAR RULE</td></tr>
<tr><td>No Designated Beneficiary</td><td>Five Year Rule: Full balance must be distributed by 12/31 of fifth year after Decedent’s death<br>On RMD form:<br>o Life Expectancy Payments: (c) NO<br>o Lump Sum Payout: (c) FIVE YEAR RULE</td><td>We cannot accept this business because for a Decedent who died before 1/1/2020, the time remaining under Five Year Rule is too short</td></tr>
</table>

- **Contract is an inherited Inherited IRA**

<table>
<tr><th>RMD Rule(s) that applied to prior Inherited IRA</th><th>Designated Beneficiary died on or after 1/1/2020</th><th>Designated Beneficiary died before 1/1/2020</th></tr>
<tr><td>At Least as Rapidly Rule with Ten Year Rule<br>OR<br>Life Expectancy Rule with Ten Year Rule</td><td>Both prior At Least as Rapidly Rule or Life Expectancy Rule and prior Ten Year Rule: RMD based on remaining unrecalculated life expectancy used by prior Inherited IRA, with remaining balance distributed by 12/31 of tenth year after original Decedent’s death<br>On RMD form:<br>o Life Expectancy Payments: (a) or (b) YES depending on whether Decedent died before or after Required Beginning Date<br>o Lump Sum Payout: (d) INHERITED INHERITED TEN YEAR RULE</td><td rowspan="4">Prior At Least as Rapidly Rule or Life Expectancy Rule: RMD based on remaining unrecalculated life expectancy used by prior Inherited IRA<br>On RMD form:<br>o Life Expectancy Payments: (a) or (b) YES depending on whether Decedent died before or after Required Beginning Date<br>o Lump Sum Payout: (b)(1) EXEMPT Death before 1/1/2020</td></tr>
<tr><td>At Least as Rapidly Rule (Exempt from Ten Year Rule)<br>OR<br>Life Expectancy Rule (Exempt from Ten Year Rule)</td><td>Prior At Least as Rapidly Rule or Life Expectancy Rule, with Inherited Inherited Ten Year Rule: For first nine years after designated beneficiary’s death, RMD based on remaining unrecalculated life expectancy used by prior Inherited IRA, with remaining balance distributed by 12/31 of tenth year after designated beneficiary’s death<br>On RMD form:<br>o Life Expectancy Payments: (a) or (b) YES depending on whether Decedent died before or after Required Beginning Date<br>o Lump Sum Payout: (d) INHERITED INHERITED TEN YEAR RULE</td></tr>
<tr><td>At Least as Rapidly Rule with delayed Ten Year Rule for child under age 21<br>OR<br>Life Expectancy Rule with delayed Ten Year Rule for child under age 21</td><td>Prior At Least as Rapidly Rule or Life Expectancy rule, with prior Delayed Ten Year rule, or if shorter, Inherited Inherited Ten Year Rule: RMD based on remaining unrecalculated life expectancy used by prior Inherited IRA, with remaining balance distributed by 12/31 of year designated beneficiary would have reached age 31, or 12/31 of tenth year after designated beneficiary’s death, whichever is earlier<br>On RMD form:<br>o Life Expectancy Payments: (a) or (b) YES depending on whether Decedent died before or after Required Beginning Date<br>o Lump Sum Payout: (d) INHERITED INHERITED TEN YEAR RULE</td></tr>
<tr><td>Ten Year Rule</td><td>Prior Ten Year Rule: remaining balance distributed by 12/31 of tenth year after original Decedent’s death<br>On RMD form:<br>o Life Expectancy Payments: (c) NO<br>o Lump Sum Payout: (d) INHERITED INHERITED TEN YEAR RULE</td></tr>
</table>

### If an Inherited IRA is subject to the Ten Year Rule, does it also have to comply with the At Least as Rapidly Rule?

- The SECURE Act added the Ten Year Rule, with certain exceptions, for deaths on or after January 1, 2020. On February 24,2022, proposed regulations were published. Under the IRS position as set out in the proposed regulations, if the Decedent died on or after the RMD required beginning date, the law requires the Inherited IRA to satisfy both the At Least as Rapidly Rule and the Ten Year Rule. Under the proposed regulations, the reasonable, good-faith interpretation standard does not apply after 2021. Accordingly, we will administer all Inherited IRAs in accordance with this guidance.

### How will MassMutual Ascend administer the Ten Year Rule or Five Year Rule?

- MassMutual Ascend will pay out the full value of the annuity contract in a lump sum payment on or about December 21st of the year in which full payment is required. The Inherited IRA owner may always take a withdrawal or surrender the contract before that date.
- Our automated RMD payment program will only make annual payments under the At Least as Rapidly Rule or Life Expectancy Rule. If the Inherited Contract Owner is only under the Ten Year Rule or the Five Year Rule and is not required to take annual RMDs, but would still like to receive automated withdrawals, they must complete The Easy Systematic Payments Program (service form number 2942) to set up payments. They also may use this form if annual RMDs are required to be paid, and they would like automated payments that are more than the RMD amount.

### If my client has multiple Inherited IRAs, can they take all RMDs from just one?

- Yes, as long as the Inherited IRAs are derived from the same Decedent. Complete **Request for Exemption from RMD Systematic Payments for Inherited IRA due to Multiple Inherited IRA Accounts** (S11103116NW). The Inherited IRA owner must certify that RMD payments will comply with the At Least as Rapidly Rule.

## Thank you for choosing MassMutual Ascend.