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 either:

- a **non-spouse** beneficiary of the Decedent's Traditional IRA, SEP IRA, SIMPLE IRA, 401 Pension/Profit-Sharing/401(k) plan, 403(b) plan, or governmental 457(b) plan.
- a second-generation or successor beneficiary of an IRA previously issued to a non-spouse beneficiary of the Decedent's Traditional IRA, SEP IRA, SIMPLE IRA, 401 Pension/Profit-Sharing/401(k) plan, 403(b) plan, or governmental 457(b) plan. This is referred to as an "Inherited Inherited IRA" or "Second Generation Inherited IRA" or "Successor Beneficiary Inherited IRA".

What exclusions apply?

- **No spouse beneficiaries** – Except as noted we cannot issue an Inherited IRA to a surviving spouse due to system limitations and the terms of our Inherited IRA endorsement. We can issue a standard (non-inherited) IRA contract to a surviving spouse as a spousal rollover. We can issue an Inherited Inherited IRA (Successor Beneficiary Inherited IRA) to a spouse of the original beneficiary.
- **No Roth funds** – We cannot accept Roth funds into an Inherited IRA due to system limitations and because we do not have an Inherited Roth IRA endorsement. This means that the funds cannot come from a Roth IRA or from a designated Roth account under a 401(k), 403(b), or 457(b) plan.
- **Age limitation for any life expectancy payments** – The person whose life is to be used to calculate any life expectancy payments must be age 75 or under on the issue date. Payments over a life expectancy are required if the Decedent died on or after the RMD Required Beginning Date, or if the beneficiary is an Eligible Designated Beneficiary who is electing life expectancy payments.
- **Product duration limitation** – 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.
- **No SPIAs** – 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 name 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***. In the case of an Inherited Inherited IRA, this is the first Decedent's name.

Our administrative system will take these entries and title the contract as "[New Owner Name] as beneficiary of [Decedent Name]" or in some cases, "[New Owner Name] as indirect beneficiary of [Decedent Name]"

Who should be the annuitant for the Inherited IRA?

- If the owner is a **living person**:
  - 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.

Must any unpaid RMD for the current year or any prior year be paid before funds are sent to us?

- 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 may be paid by us as a pre-issue refund. Any unpaid RMD payments for the current year may be paid by the prior IRA provider or may be paid by us as a pre-issue refund, or if there is adequate time before the end of the year, may be paid by us through our automated RMD system.
- In the case of a direct rollover from a SIMPLE IRA or from an employer retirement plan, federal tax law requires that any unpaid RMD for the current year or any prior year <u>must</u> 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 an IRA or employer retirement plan of one Decedent with funds from an 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 <u>one of the following</u>:

- The **Inherited IRA RMD Form** (S2652911NW) used for most Inherited IRAs; or
- The **Inherited Inherited IRA RMD Form** (S2674524NW) for a "Second Generation Inherited IRA" or "Successor Beneficiary Inherited IRA"; or
- The **Supplemental Information for Inherited IRA Custodial Account** (S2658813NW) if the Inherited IRA annuity contract is to be held by a bank or trust company Inherited IRA custodial account and the custodial account provider is taking responsibility for all RMD payments; or
- The **Request for Exemption from RMD Systematic Payments for Inherited IRA due to Multiple Inherited IRA Accounts** (S11103116NW) 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.

What else is needed if the Inherited IRA will be owned by a trust, 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)

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**:
  The Required Beginning Date is generally April 1 following the year the Decedent reached the applicable age. The applicable age depends on the Decedent's date of birth. These rules are reflected in the following table:

Decedent's Date of Birth	***Applicable Age***	***Required Beginning Date***
On or before 6/30/1946	Age 70½	April 1 following year Decedent reached age 70½
7/1/1946 to 6/30/1947	Age 70½	April 1, 2018
7/1/1947 to 6/30/1948	Age 70½	April 1, 2019
7/1/1948 to 6/30/1949	Age 70½	April 1, 2020
7/1/1949 to 12/31/1949	Age 72	April 1, 2022
1950	Age 72	April 1, 2023
1951	Age 73	April 1, 2025
1952	Age 73	April 1, 2026
1953	Age 73	April 1, 2027
1954	Age 73	April 1, 2028
1955	Age 73	April 1, 2029
1956	Age 73	April 1, 2030
1957	Age 73	April 1, 2031
1958	Age 73	April 1, 2032
1959	Age 73	April 1, 2033
1960 or later	Age 75	April 1 following year Decedent reached age 75

  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 the applicable age, 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 the estate or that trust as beneficiary.

- **Eligible Designated Beneficiary:** An Eligible Designated Beneficiary is a Designated Beneficiary (as defined above) who is:
  - A living person who is older than the Decedent; or
  - A living person who is not more than 10 years younger than the Decedent; or
  - A child of the Decedent who was under age 21 on the Decedent's date of death; or
  - 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 is 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:** For an Inherited Inherited IRA (a "Second Generation Inherited IRA" or "Successor Beneficiary Inherited IRA"), 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 death of the prior Designated Beneficiary (the person who was the Designated Beneficiary of the original Decedent and who was the owner of the prior Inherited IRA), 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:

- if the Decedent died before or after the Required Beginning Date;
- if the Decedent died before or after the effective date of the SECURE Act (1/1/2020);
- the type of beneficiary that will own the Inherited IRA; and
- if it is an Inherited Inherited IRA (a "Second Generation Inherited IRA" or "Successor Beneficiary Inherited IRA").

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

(SECURE Act applies)</th><th>Decedent died before 1/1/2020

(SECURE Act does not apply)</th></tr>
<tr><td>Designated Beneficiary who is <u>not</u> an Eligible Designated Beneficiary</td><td>Both At Least as Rapidly Rule and Ten Year Rule apply: 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

On RMD form:
o Are Life Expectancy Payments Needed?
(a) YES
o Lump Sum Payout
(a) TEN YEAR RULE APPLIES</td><td rowspan="4">At Least as Rapidly Rule applies: RMD based on unrecalculated life expectancy

On RMD form:
o Are Life Expectancy Payments Needed?
(a) YES
o Lump Sum Payout
(c) DESIGNATED BENEFICIARY EXEMPT FROM TEN YEAR RULE (check (c)(1))</td></tr>
<tr><td>Eligible Designated Beneficiary (<u>other</u> than Decedent’s healthy child under age 21)</td><td>At Least as Rapidly Rule applies: RMD based on unrecalculated life expectancy

On RMD form:
o Are Life Expectancy Payments Needed?
(a) YES
o Lump Sum Payout
(c) DESIGNATED BENEFICIARY EXEMPT FROM TEN YEAR RULE (check (c)(2), (c)(3), or (c)(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 applies: Until year that Beneficiary reaches age 31, RMD based on unrecalculated life expectancy, with remaining balance distributed in year Beneficiary reaches age 31

On RMD form:
o Are Life Expectancy Payments Needed?
(a) YES
o Lump Sum Payout
(b) CHILD SUBJECT TO DELAYED TEN YEAR RULE</td></tr>
<tr><td>No Designated Beneficiary</td><td>At Least as Rapidly Rule applies: RMD based on unrecalculated life expectancy of Decedent

On RMD form:
o Are Life Expectancy Payments Needed?
(a) YES
o Lump Sum Payout
(d) NO DESIGNATED BENEFICIARY/ EXEMPT FROM TEN YEAR RULE</td></tr>
</table>

Decedent died before the Required Beginning Date

<table>
<tr><th>Type of Beneficiary</th><th>Decedent died on or after 1/1/2020 (SECURE Act applies)</th><th>Decedent died before 1/1/2020 (SECURE Act does not apply)</th></tr>
<tr><td>Designated Beneficiary who is not an Eligible Designated Beneficiary</td><td>Ten Year Rule applies: Full balance must be distributed by 12/31 of tenth year after Decedent’s death
On RMD form:
○ Are Life Expectancy Payments Needed? (c) NO
○ Lump Sum Payout (a) TEN YEAR RULE APPLIES</td><td rowspan="3">Must have elected Life Expectancy Rule (We cannot accept business that elected the Five Year Rule because there is no time remaining under the Five Year Rule): RMD based on unrecalculated life expectancy
On RMD form:
○ Are Life Expectancy Payments Needed? (b) YES
○ Lump Sum Payout (c) DESIGNATED BENEFICIARY EXEMPT FROM TEN YEAR RULE (check (c)(1))</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
On RMD form, either:
○ Are Life Expectancy Payments Needed? (b) YES
○ Lump Sum Payout (c) DESIGNATED BENEFICIARY EXEMPT FROM TEN YEAR RULE (check (c)(2), (c)(3), or (c)(4))
or
○ Are Life Expectancy Payments Needed? (c) NO
○ Lump Sum Payout (a) TEN YEAR RULE APPLIES</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
On RMD form, either:
○ Are Life Expectancy Payments Needed? (b) YES
○ Lump Sum Payout (b) CHILD SUBJECT TO DELAYED TEN YEAR RULE
or
○ Are Life Expectancy Payments Needed? (c) NO
○ Lump Sum Payout (a) TEN YEAR RULE APPLIES</td></tr>
<tr><td>No Designated Beneficiary</td><td>Five Year Rule applies: Full balance must be distributed by 12/31 of fifth year after Decedent’s death
On RMD form:
○ Are Life Expectancy Payments Needed? (c) NO
○ Lump Sum Payout (e) FIVE YEAR RULE APPLIES</td><td>We cannot accept this business because there is no time remaining under Five Year Rule</td></tr>
</table>

Contract is an Inherited Inherited IRA (Second Generation or Successor Beneficiary Inherited IRA)

RMD Rule(s) for prior Inherited IRA	Prior Designated Beneficiary died on or after 1/1/2020 (SECURE Act applies)	Prior Designated Beneficiary died before 1/1/2020 (SECURE Act does not apply)
At Least as Rapidly Rule with Ten Year Rule OR Life Expectancy Rule with Ten Year Rule	**Both prior At Least as Rapidly Rule or Life Expectancy Rule and prior Ten Year Rule apply**: Continue same RMD payments *On RMD form:* ○ *Are Life Expectancy Payments Needed?* *(a) Yes* ○ *Lump Sum Payout* *(a) Prior Inherited IRA was subject to Ten Year Rule*	N/A
At Least as Rapidly Rule (Exempt from Ten Year Rule) OR Life Expectancy Rule (Exempt from Ten Year Rule)	**Prior At Least as Rapidly Rule or Life Expectancy Rule applies, with Inherited Inherited Ten Year Rule**: For first nine years after Second Decedent's death, continue same RMD payments, with remaining balance distributed by 12/31 of tenth year after death of Second Decedent *On RMD form:* ○ *Are Life Expectancy Payments Needed?* *(a) Yes* ○ *Lump Sum Payout* *(c) Prior Inherited IRA was exempt from Ten Year Rule / New Inherited Inherited IRA subject to Ten Year Rule*	
At Least as Rapidly Rule with delayed Ten Year Rule for child beneficiary under age 21 OR Life Expectancy Rule with delayed Ten Year Rule for child beneficiary under age 21	**Prior At Least as Rapidly Rule or Life Expectancy rule, with prior Delayed Ten Year rule, or if shorter, Inherited Inherited Ten Year Rule**: Continue same RMD payments, with remaining balance distributed by 12/31 of earlier of (i) year child beneficiary would have reached age 31, or (ii) tenth year after child beneficiary's death *On RMD form:* ○ *Are Life Expectancy Payments Needed?* *(a) Yes* ○ *Lump Sum Payout* *(b) Prior Inherited IRA was for child subject to Delayed Ten Year Rule*	N/A
Ten Year Rule	**Prior Ten Year Rule**: Continue same RMD lump sum payments *On RMD form:* ○ *Are Life Expectancy Payments Needed?* *(b) No* ○ *Lump Sum Payout* *(a) Prior Inherited IRA was subject to Ten Year Rule*	N/A
At Least as Rapidly Rule (No Designated Beneficiary)	**Prior At Least as Rapidly Rule applies**: Continue same RMD payments	
Five Year Rule	We cannot accept this business because there is insufficient time remaining under Five Year Rule	

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).

Thank you for choosing MassMutual Ascend.