

Optimize inherited IRA distributions for long-term care protection

Recent changes in the SECURE Act (Setting Every Community Up for Retirement Enhancement Act) means that after inheriting an IRA, there is less time for fund growth and fewer options. Take advantage of the 10-year required distributions for long-term care protection.



Meet Melissa

Married, age 55

- Melissa and her husband have two children in college.
- Recently inherited her father's \$500,000 IRA.
- Past experience with father requiring LTC services.

\$500,000 INHERITED IRA DISTRIBUTIONS FOR 10-YEAR PERIOD

Income before taxes

\$50,000 annually

Income after taxes

\$36,500 annually

These numbers are based on hypothetical examples. Assuming 24% federal tax rate, 3% state tax rate and 0% rate of return while taking distributions.

Assumptions: Female, age 55, "couples discount" underwriting class. *MoneyGuard Market Advantage*®, assuming a \$10,000 annual premium paid for 10 years. Assumed historical returns from 2001 through 2022 with 80% allocated to the LVIP SSGA S&P 500 Index Std with a current management fee of 23 bps and 20% allocation to the LVIP Delaware Bond Fund Std with a current management fee of 37 bps. With 0% gross/-0.26% net rate of return (current charges) at age 85 Melissa would have the following benefits available: Total LTC benefit of \$188,389; Max monthly LTC benefit of \$3,925; Death benefit of \$94,198.

This scenario is purely hypothetical as *MoneyGuard Market Advantage*® did not exist for most of the period illustrated. The purpose is to show how the actual performance might impact death benefit and Long-Term Care Benefit Rider values through the policy.

Allocate inherited IRA income for LTC

If Melissa uses \$10,000 annually for 10 years from the distributions from her inherited IRA to purchase a *MoneyGuard Market Advantage*® policy, she can create a way to receive tax-advantaged long-term care reimbursements with new unplanned income.

BENEFITS AT AGE 76¹

Accumulation Value

\$222,948

Long-term care benefits

\$13,306

Max Monthly LTC

Death Benefit

\$354,488

\$891,793

Total LTC Benefit Limit

67 months

Total LTC Duration

AFTER AGE 76

Melissa will have used \$100,000 of her inherited IRA to fund over \$850,000 in long-term care benefits while also keeping the remaining \$265,000 from the IRA as income.

In the event she does not need care, her kids as designated beneficiaries would receive an income tax-free death benefit of more than \$350,000 that, unlike an inherited IRA, is not subject to the 10-year distribution rule.

¹ Historical returns 2001–2022 (LVIP SSGA S&P 500 Index Std – 80%, LVIP Delaware Bond Fund Std – 20%).

Insurance products issued by:
The Lincoln National Life Insurance Company



Contact your *MoneyGuard* representative to learn more about creating strategies that leverage unplanned income for long-term care protection.

Quoted performance data represents past performance. Current performance may be lower or higher than the performance data quoted. Please keep in mind that double-digit and triple-digit returns are highly unusual and cannot be sustained. Investors should also be aware that some returns were primarily achieved during favorable market conditions. Return and principal value may fluctuate so when withdrawn it may be worth more or less than the original cost. Past performance is no guarantee of future results.

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MoneyGuard Market Advantage® is a variable universal life insurance policy with a Long-Term Care Benefits Rider (LTCBR) that accelerates the specified amount of death benefit to pay for covered long-term care expenses and continues long-term care benefit payments after the entire specified amount of death benefit has been paid. Any surrender benefit provided will be adjusted by any loans/loan interest/loan repayments, withdrawals taken, and claim payments made. The cost of riders will be deducted monthly from the policy accumulation value. The insurance policy and riders have limitations, exclusions and reductions. Renewability, Termination and Cancelability: The LTCBR is noncancelable. This means you have the right, subject to the terms of your policy and rider(s), to continue this rider as long as your policy stays in-force. The Lincoln National Life Insurance Company cannot change any of the terms of your policy and rider(s) on its own and cannot increase the monthly rider charges or monthly inflation charges. If your policy enters a grace period, we will allow 61 days to pay a premium sufficient to prevent your policy from lapsing. The Long-Term Care Benefit Rider may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner. For costs and complete coverage details, contact your financial professional.

***MoneyGuard Market Advantage*® is issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, on Policy Form ICC20-MGV892/20-MGV892 with a Long-Term Care Benefits Rider (LTCBR) on Rider Form ICC20LTCBR-892/LTCBR-892, a Value Protection Rider on Form ICC20VPR-892/VPR-892 and a Benefit Transfer Rider on Form ICC22BTR-895/BTR-895. Distributed by Lincoln Financial Distributors, Inc., a broker-dealer.**

The LTCBR is intended to be a qualified long-term care insurance contract under Section 7702B(b) of the Internal Revenue Code. Your Specified Amount is the amount used to determine the amount of death benefit and the amount of Long-Term Care Benefits Rider benefits. You will select the Initial Specified Amount of death benefit on the application.

The insurance policy and riders have limitations, exclusions and reductions; and are subject to medical underwriting. Long-term care benefit riders may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner. For costs and complete coverage details, contact your agent or producer. A version of Lincoln Concierge Care Coordination is guaranteed for Lincoln *MoneyGuard*® Solutions policyowners. However, the tools, resources and services may change or evolve over time.

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