

RMD Income Conversion:

A strategic approach to securing retirement income



MIDLAND ADVISORY
 Issued by Midland National® Life Insurance Company

With traditional pension plans on the decline, retirees are increasingly responsible for managing their own retirement savings. As a result, financial advisors are well-positioned to guide clients toward optimizing their portfolios to meet retirement minimum distributions (RMDs) at age 73 and beyond.

Why choose RMD Income Conversion?

The RMD Income Conversion strategy leverages fixed index annuities (FIAs) with guaranteed lifetime withdrawal benefits (GLWB), such as **Midland National Capital Income® FIA**, to convert part of a Traditional IRA into a structured income stream. This approach not only helps meet RMD obligations but also enables the remaining portfolio to stay invested, promoting growth and delivering more predictable financial outcomes.

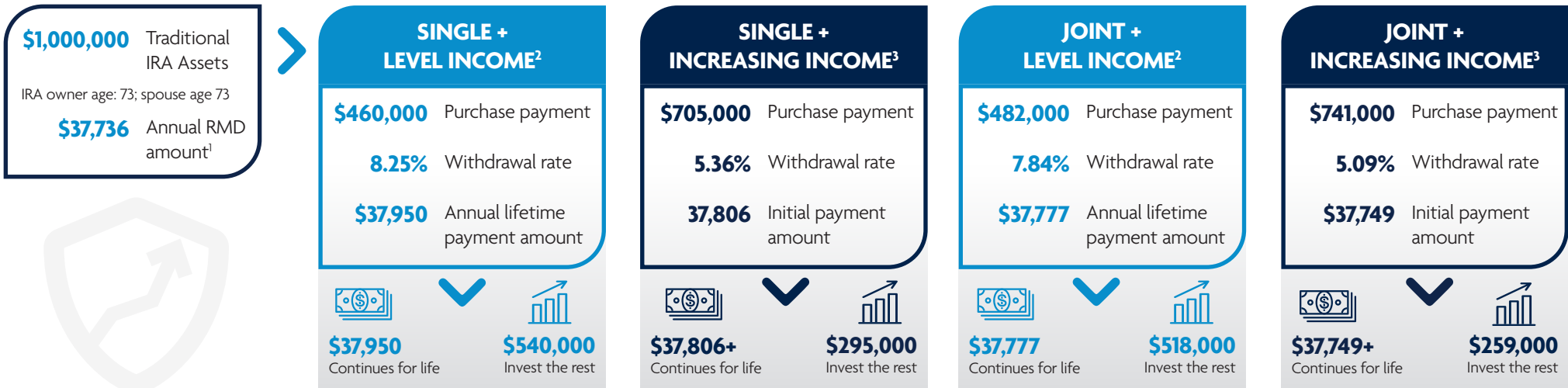
Let's look at how creating an RMD Income Conversion can create opportunities beyond the minimum requirements.

DID YOU KNOW?

As of January 2023, the Employee Benefit Research Institute reported nearly \$12 trillion in assets across defined benefit and defined contribution plans. **Nearly \$8 trillion of these assets are in defined contribution plans, highlighting a significant shift from defined benefit to defined contribution plans.**

Source: Employee Benefit Research Institute, 2023

Create an RMD Income Conversion with Capital Income FIA and invest the rest



This strategy meets the RMD obligations for the first year and can help to reduce the RMD obligation for the remaining assets, so the remaining assets can stay invested and hopefully continue to grow. It also demonstrates how leveraging an FIA, such as Capital Income, can provide clients with a reliable and tax-efficient income solution they can't outlive. Hypothetical examples and illustrations are for illustrative and educational purposes only and not intended to predict future performance. The use of alternate assumptions could produce significantly different results.

1. To calculate the RMD the year they turn 73, they would use a life expectancy factor of 26.5. So the RMD would be \$1,000,000 / 26.5, or \$37,736. Source: irs.gov/publications/p590b

Key benefits of RMD Income Conversion:

- **Efficient taxable income generation:** Provide clients with a tax-efficient strategy that meets RMD obligations, allowing their portfolios to remain invested and grow.
- **Portfolio drag reduction:** By employing an FIA to satisfy most RMD requirements, advisors can minimize the potential negative impact on the investment portfolio.
- **Predictable and reliable income streams:** Offer clients structured options for level or increasing income payments, ensuring they cannot outlive their resources and align fully with their broader retirement goals.

Important points to remember:

1. When calculating Required Minimum Distributions (RMDs), it's important to consider the Fair Market Value. The hypothetical example provided shows how to calculate a premium amount to cover most of the RMD, but it may not cover the full amount due to changes in the fair market value over time.
2. As the client gets older, the RMD amount will change as well. While this strategy aims to cover most of the RMD, fluctuations in the RMD amount may require distributions from the remaining IRA assets.
3. While we are not tax professionals, we understand the challenges that retirees face. Our expertise lies in insurance and providing guarantees that can help alleviate client concerns and fears during the later years of retirement. Each situation is unique, and the example given is purely hypothetical and intended for illustrative purposes only.

With \$8 trillion in defined contribution plans poised for distribution, there's a significant opportunity to position clients for taxable income rather than no income at all, ensuring they have the financial security they want throughout their retirement.

Have questions? Connect with an annuity expert today.

FOR FINANCIAL PROFESSIONAL USE ONLY. NOT TO BE USED FOR CONSUMER SOLICITATION PURPOSES.

2. Level lifetime payments: These payments provide a fixed income amount that remains the same for the rest of the covered individual's life.
3. Increasing lifetime payments: These payments increase annually based on the weighted average percentage change in the fixed and indexed accounts. Initial payments are lower compared to level payments.

Rates are effective as of publication date and are subject to change.

Sammons Financial® is the marketing name for Sammons® Financial Group, Inc.'s member companies, including Midland National® Life Insurance Company. Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, Midland National Life Insurance Company.

As independent financial professionals, it is up to you to choose whether the sales concept contained in these materials might be appropriate for use with your particular sales strategy and clients. Please note that Midland National does not require you to use any sales concept; they are resources that can be used at your option for your own individualized sales presentations if appropriate for the particular client and circumstances.

Insurance products issued by Midland National® Life Insurance Company, West Des Moines, Iowa. Product and features/options may not be available in all states or appropriate for all clients. See product materials and state availability chart for further details, specific features/options, and limitations by product and state.

Neither Midland National® Life Insurance Company nor any financial professionals acting on its behalf, should be viewed as providing legal, tax, or investment advice. Your client should be advised to rely on their own qualified tax professional.

Midland Advisory, part of Midland National® Life Insurance Company, specializes in retirement solutions to help meet the needs of registered investment advisors (RIAs) and their clients. Midland Advisory is not an issuer of insurance products.

The Midland National Capital Income® is issued on base contract form AS201A/AS202A/ICC19-AS201A, or appropriate state variations including all applicable endorsements and riders. This product, its features and riders may not be available in all states.

Fixed index annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. Although fixed index annuities guarantee no loss of premium due to market downturns, deductions from the accumulation value for optional benefit riders or strategy fees or charges associated with allocations to enhanced crediting methods could exceed interest credited to the accumulation value, which would result in loss of premium. They may not be appropriate for all clients. Interest credits to a fixed index annuity will not mirror the actual performance of the relevant index.