Early Distribution Options

FOR YOUR

Qualified Plan

For Mike and Sally Primm

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Important Notes

These pages depict certain wealth preservation strategies concerning possible methods for taking distributions from your qualified retirement plan. For purposes of this analysis, several of your qualified retirement plans may be aggregated and shown as one single plan. This report provides only broad, general guidelines, which may be helpful in shaping your thinking about and discussing your wealth preservation needs with your professional advisors.

Each scenario shown illustrates your current situation or an alternative scenario and its possible effects on the financial situation you provided. Inclusion of one or more of these scenarios does not constitute a recommendation of that scenario over any other scenario.

Calculations contained in this analysis are estimates only based on the information you provided, such as the value of your assets today, and the rate at which the assets appreciate. Rates of return will vary over time, particularly for long-term investments. The actual values, rates of growth, and tax rates may be significantly different from those illustrated. These assumptions are only a “best guess.” It is unlikely that any one rate of return will be sustainable over a long period of time.

The Setting Every Community Up for Retirement Enhancement (SECURE) Act became Public Law No. 116-94 on December 20, 2019.

Strategies may be proposed to support the purchase of various products such as insurance and other financial products. When this occurs, additional information about the specific product (including a prospectus, if required, or an insurer provided policy illustration) will be provided for your review.

IMPORTANT: The projections or other information contained in this report, and generated by this analysis tool (Qualified Plan Concepts) regarding the likelihood of various outcomes are hypothetical in nature, do not reflect actual results and are not guarantees of future results.

This tool and support materials are designed to provide general information on the subjects covered. It is not intended to provide specific legal or tax advice. You should discuss all strategies with your legal, tax, and financial advisors.

Broker-Dealer disclosure go here!

Avoiding Penalties on Early Distributions

Early distributions are withdrawals from a qualified plan before age 59½.

How Distributions are Taxed

Retirement plan distributions are taxed as income. Distributions before age 59½ incur an additional 10% penalty unless you qualify for an exception.

Common exceptions to the 10% penalty include:

- Death or total disability of owner
- Medical expenses[1] above 10% of adjusted gross income
- Higher education expenses (for IRAs only)
- Separation from service to employer during or after age 55 (not for IRAs)
- First-time home buyers up to $10,000 (for IRAs only)
- Certain in-plan rollovers
- Distributions of substantially equal periodic payments

Substantially Equal Periodic Payments

Choice of three calculation (Safe-Harbor) methods:

1 Annuity Method

- Constant annual payment over expected lifetime
- Usually the highest annual payment and fastest spend-down of account
- Least flexible calculation

2 Amortization Method

- Constant annual payment over expected lifetime
- Usually a lower annual payment and slower spend-down of account
- More choices for life expectancy calculation

3 Life Expectancy Method

- Variable annual payment that fluctuate with account balance each year
- Usually the smallest initial annual payment
- Annual payment increase if account earns more interest than assumed in calculations

All three methods must continue until the later of age 59 ½ or five years

[1] IRC Sec. 72(t)(2)(B) If either spouse was born prior to January 2, 1949 medical expenses need only be 7.5% above adjusted gross income.

Substantially Equal Periodic Payments

Three Methods to Avoid 10% Penalty

$ Beginning Account Balance December 31, 2015: **$200,000**

Year	Part. Age	LIFE EXPECTANCY METHOD[1] Annual Distribution	LIFE EXPECTANCY METHOD[1] Account Balance[4]	AMORTIZATION METHOD[2] Annual Distribution	AMORTIZATION METHOD[2] Account Balance[4]	ANNUITY METHOD[3] Annual Distribution	ANNUITY METHOD[3] Account Balance[4]
2020	49	7,839	288,786	11,866	284,492	11,821	284,540
2021	50	8,444	302,886	11,866	294,599	11,821	294,699
2022	51	9,096	317,418	11,866	305,515	11,821	305,671
2023	52	9,827	332,334	11,866	317,305	11,821	317,520
2024	53	10,584	347,636	11,866	330,037	11,821	330,318
2025	54	11,398	363,294	11,866	343,788	11,821	344,139
2026	55	12,273	379,271	11,866	358,639	11,821	359,066
2027	56	13,215	395,522	11,866	374,679	11,821	375,187
2028	57	14,176	412,048	11,866	392,001	11,821	392,598
2029	58	15,261	428,740	11,866	410,709	11,821	411,401
2030	59	16,427	445,525	11,866	430,914	11,821	431,709
2031	60	17,680	462,316	11,866	452,735	11,821	453,642
2032	61	18,947	479,099	11,866	476,302	11,821	477,329
2033	62	20,387	495,690	11,866	501,754	11,821	502,911
2034	63	21,837	512,062	11,866	529,242	11,821	530,540
2035	64	23,489	527,982	11,866	558,930	11,821	560,379
2036	65	25,142	543,413	11,866	590,992	11,821	592,606
2037	66	26,902	558,203	11,866	625,620	11,821	627,410
2038	67	28,773	572,180	11,866	663,018	11,821	664,998
2039	68	30,762	585,154	11,866	703,407	11,821	705,594

1 Life expectancy is based on the Single Life Expectancy Table. See the Assumptions page for additional information.
2 Amortize the plan over the owner's life expectancy using the Single Life Expectancy Table and assuming an interest rate of 2.500%.
3 Annuitize over lifetime based on lifetime income and assumed 2.500% interest. Use of Annuity Method requires a reasonable interest rate (see Assumptions pages).
4 Account Balance assumes that undistributed funds grow at 8.000% annually.

Year	Part. Age	LIFE EXPECTANCY METHOD[1] Annual Distribution	LIFE EXPECTANCY METHOD[1] Account Balance[4]	AMORTIZATION METHOD[2] Annual Distribution	AMORTIZATION METHOD[2] Account Balance[4]	ANNUITY METHOD[3] Annual Distribution	ANNUITY METHOD[3] Account Balance[4]
2040	69	32,874	596,915	11,866	747,028	11,821	749,438
2041	70	35,113	607,230	11,866	794,138	11,821	796,789
2042	71	37,253	616,088	11,866	845,017	11,821	847,927
2043	72	39,748	622,994	11,866	899,966	11,821	903,158
2044	73	42,094	627,952	11,866	959,312	11,821	962,806
2045	74	44,536	630,702	11,866	1,023,405	11,821	1,027,226
2046	75	47,067	630,974	11,866	1,092,625	11,821	1,096,800
2047	76	49,683	628,478	11,866	1,167,383	11,821	1,171,940
2048	77	51,940	623,375	11,866	1,248,122	11,821	1,253,091
2049	78	54,682	614,941	11,866	1,335,320	11,821	1,340,734
2050	79	56,939	603,426	11,866	1,429,494	11,821	1,435,389
2051	80	59,159	588,623	11,866	1,531,201	11,821	1,537,616
2052	81	60,683	571,010	11,866	1,641,045	11,821	1,648,021
2053	82	62,748	549,787	11,866	1,759,677	11,821	1,767,259
2054	83	63,929	525,607	11,866	1,887,799	11,821	1,896,035
2055	84	64,890	498,467	11,866	2,026,171	11,821	2,035,114
2056	85	65,588	468,413	11,866	2,175,613	11,821	2,185,319
2057	86	65,974	435,542	11,866	2,337,010	11,821	2,347,540
2058	87	65,006	401,074	11,866	2,511,319	11,821	2,522,740
2059	88	63,662	365,280	11,866	2,699,573	11,821	2,711,955

[1] Life expectancy is based on the Single Life Expectancy Table. See the Assumptions page for additional information.
[2] Amortize the plan over the owner's life expectancy using the Single Life Expectancy Table and assuming an interest rate of 2.500%.
[3] Annuitize over lifetime based on lifetime income and assumed 2.500% interest. Use of Annuity Method requires a reasonable interest rate (see Assumptions pages).
[4] Account Balance assumes that undistributed funds grow at 8.000% annually.

Assumptions

General Assumptions

Mike's DOB: January 2, 1971

Sally's DOB: January 3, 1973

Contact Information:

119 S. Main Street

Charlotte, North Carolina 28262

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Business Phone: 800-927-3210

Email Address: mikeandsally@gmail.com

The Account Balance is grown pro-rata based on the date entered.

Traditional IRA/Qualified Plan Assumptions

Current Traditional IRA/Qualified Plan amount is $200,000, which includes the employee cost basis amount of $0, and assumes a growth rate of 8.000%. Calculations assume all non-deductible and after-tax contributions (also known as basis, investment in the contract, and non-taxable portion) are included in the original after-tax amount of $0. Hypothetical rates of return illustrated are not associated with any particular investment product.

A portion of the distributions from the Traditional IRA/Qualified Plan that includes any after-tax amount may not be taxable. These illustrations assume there are no other Traditional IRA/Qualified Plan account balances for calculations that include any after-tax amount.

Elections: Required Minimum Distributions based on the Single Life Expectancy Table.

Distribution Assumptions

Early retirement distributions are exempt from the IRC Section 72(t) penalty.

Distribution Assumptions (Continued)

Distributions from the Traditional IRA/Qualified Plan that does not include any after-tax amount are taxable. A portion of the distributions from the Traditional IRA/Qualified Plan that includes any after tax amount is not taxable. The non-taxable portion is the amount of the distribution that bears the same ratio to the total amount of the distribution received as the total remaining after-tax amount bears to the Traditional IRA/Qualified Plan account balance at the end of the year.

Distribution methods illustrated use a 'reasonable rate of interest' of 2.500%. Distributions are based on the Single Life Expectancy Table.

Final Regulations

Required Minimum Distributions are calculated based on the Single Life Expectancy Table. If your beneficiary is your spouse (who is more than 10 years younger than you) distributions during your life may be calculated using the Joint and Last Survivor Table.

Compliance with Revenue Ruling 2002-62

Section 72(t) distributions are in compliance with the calculation methods stated in Revenue Ruling 2002-62. The following calculation methods may be illustrated under this ruling: 1) Extension of the existing Uniform Lifetime Table for use with the Life Expectancy Method. 2) Addition of annuity factor table for use with the Annuity Method. 3) Addition of interest rate (not more than 120% of the federal mid-term rate) for use with the Amortization and Annuity Methods.

Tax Cuts and Jobs Act of 2017

The Tax Cuts and Jobs Act of 2017 was signed into law on December 22, 2017 as P.L. 115-97, also known as TCJA 2017 in this presentation. TCJA applies to deaths and gifts made in 2018 and later. After December 31, 2025, the estate and gift tax rates and exclusions will revert to the amounts provided in the American Taxpayer Relief Act of 2012.

Setting Every Community Up for Retirement Enhancement (SECURE)

The Setting Every Community Up for Retirement Enhancement (SECURE) Act became Public Law No. 116-94 on December 20, 2019. Provisions of the Act apply to retirement plans in 2020 and later.