

Inherited/Stretch IRA

1. [Q: Does EquiTrust accept Inherited/Stretch IRAs?](#)

A:

Yes, EquiTrust accepts both Inherited and Stretch IRA business. The SECURE Act, passed by Congress and effective 1/1/20 revised Inherited/Stretch IRA requirements when the beneficiary is not an “Eligible Designated Beneficiary.” As a result, EquiTrust has rules/procedures in place to accept this money.

2. [Q: What is an Inherited/Stretch IRA?](#)

A:

An inherited/stretch IRA is an estate planning strategy for a beneficiary to take advantage of the tax deferred status of an IRA. The beneficiary is required to take distributions from the IRA either through RMDs or at the end of a 10 year period of time.

3. [Q: Does the IRS Tax Code differentiate between an Inherited and Stretch IRA?](#)

A:

No, the terms “Inherited” and “Stretch” are used by EquiTrust to differentiate between Eligible Designated Beneficiaries (Stretch) and Ineligible Designated Beneficiaries (Inherited).

4. [Q: Is there a distinction among beneficiary classes now that didn't exist before the SECURE Act?](#)

A:

Yes, after the passing of the SECURE Act, there are now two types of beneficiaries. Eligible Designated Beneficiaries and Ineligible Designated Beneficiaries. See EquiTrust Inherited/Stretch IRA Rules piece for all the details. ET-INHRSTRCHIRARULES

5. [Q: If an IRA owner passed prior to implementation of the SECURE Act, do the rules change for the beneficiary?](#)

A:

No, pre-SECURE Act rules apply to IRA beneficiaries

6. [Q: How do I know if I qualify for an Inherited IRA or a Stretch IRA?](#)

A:

EquiTrust deems a contract to be a Stretch IRA if the death of the original IRA owner or beneficiary occurred BEFORE the 1/1/2020 effective date of the SECURE Act. AFTER implementation of the SECURE Act, EquiTrust deems a contract to be a “Stretch IRA” for an Eligible Designated Beneficiary – and an “Inherited IRA” for an Ineligible Designated Beneficiary.

7. [Q: Who is considered an Eligible Designated Beneficiary?](#)

A:

1. Spouse
 2. Disabled Persons
 3. Chronically Ill
 4. Beneficiary not more than 10 years younger than IRA Owner
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8. [Q: Who is considered an Ineligible Designated Beneficiary?](#)

A:

Anyone who does not meet one of the four categories of an Eligible Designated Beneficiary.

9. [Q: Are RMDs required by Eligible Beneficiaries who have a Stretch IRA?](#)

A:

Yes, RMDs are required based on the single life expectancy of the beneficiary.

10. [Q: What EquiTrust products are available for Stretch and Inherited IRA new business?](#)

A:

Eligible Beneficiary (Stretch IRA) – All EquiTrust Deferred Annuities can be sold. Confidence Income Annuity (SPIA) is the only EquiTrust product not available.

Ineligible Beneficiary (Inherited IRA) – All EquiTrust products except MarketPower Bonus Index Annuity and Confidence Income Annuity are available.

11. [Q: Are RMDs required by Ineligible Beneficiaries who have an Inherited IRA?](#)

A:

No, Ineligible Beneficiaries are not required to take RMDs and must have the value of the contract either distributed or fully taxed by 12/31 of the 10th year after the original IRA owner's death.

12. [Q: Can EquiTrust's Income Benefit Rider be added to a Stretch or Inherited IRA?](#)

A:

Yes.

13. [Q: How do I list the owner and annuitant on the application?](#)

A:

The annuitant name on the application should be the beneficiary's name on the existing contract. Example: Jimmy Doe, Bene of John Doe, deceased 5/7/17

14. [Q: How is the RMD determined in year of death and subsequent years for Pre-SECURE Act beneficiaries?](#)

A:

If the deceased individual was of RMD age, then the RMD must be taken in the year of death, based on the life expectancy of the deceased. If the deceased was not of RMD age then no RMD is taken in the year of the death. The beneficiary's first RMD must be taken in the year following the IRA owner's death.

15. [Q: Can an IRA beneficiary take receipt of the money and rollover within 60 days?](#)

A:

No.

16. [Q: Why would a spouse prefer a Stretch IRA over a spousal IRA?](#)

A:

A spouse may prefer inherited IRA status instead of spousal continuation because all distributions from an Inherited IRA will be considered death distributions for tax purposes.

17. [Q: Does the IRA need to be stretched before transferring?](#)

A:

Yes. The current carrier must send the funds to EquiTrust titled as a Stretch or Inherited IRA. For example, the existing contract must be titled as, "John Doe, Deceased FBO Jimmy Doe, Beneficiary."

18. [Q: If a contract has already been stretched can it be transferred to another company?](#)

A:

Yes.

19. [Q: Can EquiTrust's Income for Life rider be added to an Inherited IRA?](#)

A:

Yes.

20. [Q: Which EquiTrust products accept Inherited IRA money?](#)

A:

Inherited IRA may be placed in all EquiTrust annuities except the MarketPower Bonus Index and Confidence Income Annuity (SPIA).

21. [Q: Will EquiTrust accept Inherited/Stretch IRA money where a Trust is the beneficiary of the current contract?](#)

A:

No, EquiTrust will not accept Inherited/Stretch IRA money where the beneficiary is a Trust.

22. [Q: Is Inherited/Stretch IRA transfer money considered a replacement?](#)

A:

EquiTrust does not consider an Inherited/Stretch IRA transfer involving a non-spouse to be a replacement if the money is being transferred to EquiTrust at the time the death claim is being settled at the other company. However, if a spouse is setting up a Stretch IRA, it would be considered a replacement. Or if the Inherited/Stretch IRA owner, spouse or non-spouse previously submitted the

death claim and after a period of time choose to move this money, EquiTrust will consider this a replacement.

23. [Q: Can Inherited/Stretch IRA money be combined with IRA money in a non-inherited IRA?](#)

A:

No.

24. [Q: Can multiple Inherited/Stretch IRAs be combined?](#)

A:

Multiple Inherited IRA contracts can be combined as long as the decedent is the same person on each inherited IRA contract. Inherited IRAs with different IRA owners cannot be combined.

25. [Q: Example of a completed transfer form.](#)

A:

[Download a sample form.](#)

26. [Q: Can the beneficiary of an existing pre-SECURE Act beneficiary \(a beneficiary of a beneficiary\) continue to stretch RMDs over their lifetime?](#)

A:

Yes as long as all deaths occurred prior to the passing of the SECURE Act.

27. [Q: If a post SECURE Act beneficiary dies, does the new beneficiary get a new 10 year period to stretch the remaining funds?](#)

A:

No.

28. [Q: Does EquiTrust accept non-qualified Stretch accounts?](#)

A:

No.

29. [Q: For a SECURE Act Inherited IRA, can the client pay taxes on a portion of the accumulation value each year rather than all at once after the 10th year from the deceased owner's death?](#)

A:

Not at this time.

30. [Q: How will my client know when they must pay taxes on SECURE Act Inherited IRA funds?](#)

A:

EquiTrust will send notification to the client and agent 6 months before the end of the 10 year period.

31. [Q: Will EquiTrust allow joint IBR payouts on an Inherited/Stretch IRA case?](#)

A:

No.
