REDUCE RMDS TO **EXTEND YOUR RETIREMENT SAVINGS**

Have you heard about the changes to RMD regulations?

Currently, with traditional IRAs and qualified retirement plans, you typically must begin taking required minimum distributions (RMDs) no later than age 70½. But with recent regulations from the Treasury Department, by purchasing a qualified longevity annuity contract (QLAC), you can defer the distribution of a portion of your qualified assets beyond 70½, reducing your RMDs until a later date.

Why reduce RMDs?

Americans are living longer than ever. The future of Social Security is unclear. Fewer employers are offering pension plans. Given these factors, it's important to ensure your savings last for the 30 or more years you could spend in retirement. A QLAC is one option that can help you extend a portion of your savings.

The premiums you pay into a QLAC are not included in your RMD calculation. Assets held in a QLAC are not required to be distributed at age 70½, but instead can be deferred until a later date (maximum age is 85). **This is one of the few qualified investment options that offers this opportunity,** allowing you to defer paying taxes on a portion of the money you may not need in early retirement.[1] In addition, it creates an opportunity to leave more assets for a surviving spouse or your heirs, if that is one of your retirement goals.

PLAN FOR THE RETIREMENT YOU'VE DREAMED ABOUT

During your working years, your focus is saving for retirement. Now it's time to shift your focus to creating an income to last throughout the years you'll spend in retirement. It's important to have a strategy in place. Consider a plan that can extend your retirement savings to help meet your dreams and goals.

[1] Qualified longevity annuity contracts may not be available in all states.

How does the Principal Deferred Income Annuity QLAC work?

If you have IRA assets, you can purchase the Principal Deferred Income Annuity as a QLAC. This fixed-rate deferred income annuity gives you the opportunity to create your own personal pension plan — something that may not be available to you through your employer. The details below explain more about the Principal Deferred Income Annuity QLAC solution.

- Contributions (premiums) are limited to the lesser of $125,000 or 25% of the individual's total prior year-end (12/31) IRA balances[2]
- You can purchase a QLAC at any age through age 82
- You must begin taking distributions no later than the first day of the month following the month you reach age 85
- A return of premium death benefit is available during the deferral period before income payments begin
- Income options can be single or joint life, either life income or life income with cash refund
- The Payment Advancement, Annual Increase and Consumer Price Index riders are not available when the Principal Deferred Income Annuity is purchased as a QLAC

Keep in mind that purchasing a deferred income annuity may result in a loss in potential future earnings as well as some liquidity. However, in exchange for this, you reduce the risk of loss due to a market downturn and guarantee a future lifetime income stream.

The difference of reducing your RMDs for just five years could have a significant impact in extending your retirement savings. Contact your financial professional to learn more about the new QLAC solution and how it can help you meet your retirement goals.

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[2] The dollar limit applies across all qualified retirement plans and IRAs (excluding Roth IRAs) collectively. The percentage limit applies to each qualified plan separately and to IRAs on an aggregate basis. There are restrictions on how premium limit rules can be applied. It is the client's responsibility to ensure QLAC premium limitations are met. Roth IRAs cannot be treated as a QLAC.

Principal® Financial Group

WE'LL GIVE YOU AN EDGE®