Overview

Qualifying Longevity Annuity Contract (QLAC)

Recently finalized regulations from the U.S. Treasury Department allow individuals to defer the distribution of part of their qualified assets beyond age 70½ through the purchase of what is called a Qualifying Longevity Annuity Contract (QLAC).

Generally, traditional Individual Retirement Accounts (IRAs) and qualified retirement plans require that individuals start taking required minimum distributions (RMDs), which are generally taxable each year, by age 70½. The new rules provide an exception to the RMD requirement by allowing a QLAC to start making payments as late as age 85, meaning clients can defer paying taxes on money that they may not need in early retirement.

Only deferred income annuity contracts that meet certain requirements can qualify as QLACs.

What are the criteria?

Eligible qualified accounts are 401(a)s, 401(k)s, 403(b)s, governmental 457(b)s, or IRAs.	Premiums are limited to the lesser of $125,000 or 25% of the owner's qualified account values, less previous QLAC premiums. The 25% limit applies on a plan-by-plan basis and on an aggregate basis for IRAs.	Income payments must begin no later than the first day of the month following the owner's attainment of age 85.	The annuity contract must be a fixed-rate deferred income annuity contract.	The annuity contract cannot have a liquidity or commutation feature.	Income payment options can be single life only, joint life only, single life with cash refund, joint life with cash refund. New York Life requires that joint annuitants be spouses.	The issuing company must file information annually with the IRS regarding QLAC values and status.

New York Life will not be offering a QLAC with direct investment inside an employer sponsored qualified plan. New York Life only offers an IRA version of a QLAC, and therefore requires an IRA balance as of 12/31 of the previous year end in order to purchase a QLAC.

New York Life allows clients to designate the Guaranteed Future Income Annuity II (GFI) as a QLAC, meaning your clients can delay taking withdrawals to optimize their retirement savings and better meet their future financial goals.

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New York Life Insurance Company

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