



Inherited Individual Retirement Annuity (Inherited IRA) Information Disclosure Statement

The terms used in this disclosure statement have the same meaning as defined in the policy.

1. What is an Inherited IRA?

When the owner of an IRA or a participant in an eligible retirement plan (hereinafter referred to as the "Deceased Owner") dies and has named you as a beneficiary of the IRA or eligible retirement plan, you may direct that the death proceeds be transferred in a direct trustee-to-trustee transfer to purchase a new policy issued as an Inherited IRA. An eligible retirement plan includes a qualified retirement plan, section 403(b) tax sheltered annuity, or eligible governmental section 457 plan. If you are a beneficiary of an eligible retirement plan, you should confirm with the plan administrator that the plan allows direct rollovers by nonspouse beneficiaries. The Inherited IRA policy is subject to all of the fees and charges (including any applicable Surrender Charges) and all other provisions as outlined in the policy. In addition, special tax rules apply to the Inherited IRA and differ based on whether you are considered an Eligible Designated Beneficiary ("EDB") under the Internal Revenue Code ("IRC"). These special tax rules are described below.

2. Who is the Owner of an Inherited IRA?

An Inherited IRA is established in the name of the Deceased Owner for the benefit of the Beneficiary (the Inherited IRA will be titled, for example, as Tom Smith as beneficiary of John Smith, deceased). However, you are entitled to exercise all rights under the Inherited IRA, including the right to name a Beneficiary in the event of your death. You will be named as the Annuitant under the Inherited IRA.

3. Who is considered an Eligible Designated Beneficiary ("EDB") under the IRC?

An EDB is an individual who is: 1) the Deceased Owner's spouse; 2) the Deceased Owner's minor child until he or she reaches the age of majority; 3) disabled or chronically ill, as determined by the IRC Section 401(a)(9)(E), (including certain trusts for the disabled or chronically ill); or 4) not more than 10 years younger than the Deceased Owner. The determination of whether a beneficiary is an EDB is made as of the date of death of the Deceased Owner.

4. For individuals who are non-EDBs, what is the benefit of an Inherited IRA?

An Inherited IRA allows you, the non-EDB of the original IRA or eligible retirement plan, to receive distributions from the Inherited IRA over a period not exceeding 10 years from the end of the year following the year of death of the Deceased Owner.

QUESTIONS 5 – 15 APPLY TO EDBs ONLY. IF YOU ARE NOT AN EDB, PLEASE SKIP AHEAD TO QUESTION 16.

5. What is the benefit of an Inherited IRA?

An Inherited IRA allows you, the EDB of the original IRA or eligible retirement plan, to take distributions from the Inherited IRA over a period of years generally based upon your life expectancy (however, see Question 12). By taking withdrawals from the Inherited IRA over a period of time rather than as a single sum, you can spread out the tax due on the original IRA's or eligible retirement plan's death proceeds while the remaining balance continues to grow tax deferred.

6. I understand that the IRS allows a beneficiary of an IRA to postpone taking the death benefit proceeds for up to 10 years. Can I purchase an Inherited IRA for this purpose?

Yes, as an EDB, you may purchase an Inherited IRA and take distributions over your life expectancy or a shorter time period if you so choose. However, in order to receive payments over your life expectancy, those payments must start by December 31 following the year that the Deceased Owner died. If those payments do not start by that date, then the proceeds must be distributed in full by the end of the 10th year following the year of death of the Deceased Owner.

7. Is there a minimum amount that I must withdraw from an Inherited IRA each year in order to avoid income tax penalties?

Yes. There is a Required Minimum Distribution (RMD) generally based upon your life expectancy. The life expectancy table used is the Internal Revenue Service (IRS) Single Life Expectancy Table, which may be found in IRS Publication 590-B. The RMD for a given year is determined by dividing the Inherited IRA's account balance as of the end of the prior year by a divisor derived from the IRS life expectancy table.

8. When must I take distributions of my RMD to avoid an IRS tax penalty?

To avoid an IRS tax penalty, the first RMD is due by December 31 of the year following the year in which the Deceased Owner died. Thereafter, you must make an RMD withdrawal by December 31 of each subsequent year. To receive your RMD, you must complete a NYLIAC withdrawal form.

9. Are there tax consequences if I do not withdraw my RMD amount?

Yes. If you do not withdraw your RMD amount when required by the tax law, the IRS may impose a penalty tax equal to 50% of the excess of the RMD amount over the amounts, if any, you actually withdrew from the annuity during the year. Failure to timely commence RMDs could impact an EDBs ability to stretch payments over their life or life expectancy.

10. Can I withdraw more from the Inherited IRA each year than my RMD amount?

Yes. You can withdraw more than your RMD amount each year. However, you may be subject to Surrender Charges if the Inherited IRA contains a Surrender Charge provision. Please refer to the "Charges" section of the policy for details regarding any Surrender Charges.

11. Is there an IRS 10% early withdrawal penalty on my withdrawals if I am under age 59½?

No. There is no IRS early withdrawal penalty on any withdrawals you make from the Inherited IRA.

12. Will I have to pay taxes on my RMDs and any other withdrawals I receive from my Inherited IRA?

Yes. RMDs and other withdrawals made from your Inherited IRA are treated as ordinary income for the tax year in which the RMDs or withdrawals are received.

13. May a person other than an individual be considered to be a designated beneficiary for purposes of the RMD rules?

No, except for certain trusts (see Question 15), only individuals may be designated beneficiaries for purposes of the RMD rules. A person that is not an individual, such as the Deceased Owner's estate or a charity, may not be a designated beneficiary. If, as of September 30 of the year following the year in which the Deceased Owner dies, a person other than an individual is designated as a beneficiary, the Deceased Owner will be treated as having no designated beneficiary for purposes of the RMD rules, even if there are also individuals designated as beneficiaries. If there is no designated beneficiary, then the IRA or eligible retirement plan must be distributed over a period not to exceed the Deceased Owner's remaining life expectancy (if the Deceased Owner died on or after the date on which distributions were required to begin) or by the end of the fifth year following the year of the Deceased Owner's death (if the Deceased Owner died before the date on which distributions were required to begin). Please consult your tax advisor to discuss how these rules apply to your particular situation.

14. Are there any situations where I would not use my own life expectancy to determine the RMD amount?

Yes. If: (1) there are multiple individual beneficiaries under the original IRA or eligible retirement plan, (2) separate accounts are not established by the end of the year following the year of the Deceased Owner's death, and (3) you are not the oldest beneficiary, then RMDs must be determined based on the oldest beneficiary. Accordingly, if the oldest beneficiary is a non-EDB, then the 10 year rule will apply to all beneficiaries. Your tax advisor will be able to help you determine whose life expectancy must be used.

15. If a Trust is named as a beneficiary under an IRA or Eligible Retirement Plan, can the Trust purchase an Inherited IRA?

Yes, provided the below requirements are met. Although a trust cannot be a designated beneficiary, the beneficiaries of a trust may be treated as having been designated as beneficiaries of the IRA or Eligible Retirement Plan if all of the following requirements are met:

1. The trust is a valid trust under state law, or would be but for the fact that there is no corpus (i.e., principal).
2. The trust is irrevocable or will, by its terms, become irrevocable upon the Deceased Owner's death.
3. The beneficiaries of the trust who are beneficiaries with respect to the trust's interest in the Deceased Owner's benefit are identifiable from the trust instrument.

4. The trustee must provide NYLIAC with the following documentation by October 31 of the year following the year of the owner's death:
 - a. A final list of all beneficiaries of the trust as of September 30 of the year following the year of the owner's death (including contingent and remainder beneficiaries with a description of the conditions of their entitlement);
 - b. A certification that, to the best of the trustee's knowledge, this list is correct and complete and that the requirements of (1), (2) and (3), above, are satisfied; and
 - c. An agreement to provide NYLIAC with a copy of the trust instrument upon demand.

Except for certain trusts set up for a disabled or chronically ill individual, separate account rules cannot be used by beneficiaries of a trust. Therefore, if there is more than one beneficiary of a trust, then the oldest beneficiary must be named as the Annuitant and that individual must be used to determine RMDs under the Inherited IRA. Accordingly, if the oldest beneficiary of a trust is a non-EDB, then the 10-year rule will apply to the trust.

QUESTIONS 16 – 19 APPLY TO BOTH EDBs AND NON-EDBs

16. Can I name beneficiaries of my Inherited IRA?

Yes. You have a right to name Beneficiaries of your Inherited IRA. However, if you are an EDB after your death, your beneficiaries may be limited to a distribution period that does not exceed 10 years from the end of the year of death of the Deceased Owner.

17. Can I make additional contributions to my Inherited IRA?

No. You cannot make additional contributions, including rollover contributions, to your Inherited IRA.

18. Can I rollover distributions from my Inherited IRA?

No. You cannot rollover distributions from your Inherited IRA.

19. May I use one of the Income Payment options that may be available as described in the policy to satisfy my RMD requirements?

Yes. However, you are required to satisfy your RMD based on the total value of all your IRAs, not just this policy.