



HOW TO

# Establish Individual Retirement Accounts

## What is an Individual Retirement Account

An Individual Retirement Account (IRA) is a tool that customers can use to achieve their retirement goals while receiving a tax advantage for their saving. There are two types of IRAs:

- **Traditional IRA** – Contributions made with after tax money are potentially deductible reducing taxable income while building savings on a tax deferred basis. Also, commonly used for rollovers from other IRAs, 401(k), 403(b), 457(b) and other qualified accounts.
- **Roth IRA** – Contributions are made with after tax money and are not tax deductible, however the tax deferred growth may be withdrawn tax free if Roth guidelines are met. May be used for rollovers from Roth and non-Roth qualified accounts, rollovers from non-Roth accounts are fully taxable at the time of rollover.

## Who can have an IRA

Many people can have an IRA or Roth IRA. For full details on IRA eligibility and rules please review the IRAs Traditional and Roth brochure catalog number 102758.

*The minimum contribution for Traditional and Roth IRAs is \$100 per month on bank draft or salary deduction.*

## How to set up an IRA

The set-up process is the same for a Traditional IRA or Roth IRA.

### On Going Contributions

- Annuity Application
  - For bank draft contributions indicate frequency of draft and enter banking information. *Remember if frequency is other than monthly the payment must equate to \$100 per month (i.e. quarterly minimum is \$300)*
  - For annual contribution via check, mail check in with application. *To open with an initial check it must be at least \$5,000*
- Replacement form 8027 – only required by states with NAIC showing on form 2630 when customer has existing life or annuity policy, even if existing policy is not being replaced.
- In CA for customers 65+ forms 8196, 20045, 9402

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Guarantees are dependent upon the claims-paying ability of the issuing company.

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## Transfers or Rollovers

- Annuity Application
- Replacement form 8027  
*or state specific version of 8027 (see form 2630 to see where state specific is needed)*
  - For all annuity to annuity transactions, or
  - For non-annuity to annuity transactions, required by states with NAIC showing on form 2630 when customer has existing life or annuity policy, even if existing policy is not being replaced
- Transfer form 9685
  - If using eApp be sure to get a wet signed page 2 of the transfer form and remit to NLG

*Note: some plans/carriers require their own paperwork as well. Normally it will be sent from the other carrier once they receive the NLG transfer form. Also, the agent may obtain it from the current provider and submit it to NLG initially with NLG transfer form.*
- Suitability from 10068  
*Florida cases must also provide 10097 suitability questionnaire and 10098 comparison form*
- In the following state specific forms may also be required, please review the form to see if applicable to the transaction.
  - CA for customers 65+ forms 8196, 20045, and 9402
  - KS form 4300KS
  - NV form 8630NV
  - OH form 6256OH

For applications with a transfer/rollover and ongoing contributions you can do one application following the instructions for transfer/rollover and complete sections 5b and 5c to set up the scheduled contributions.

## IRAs via Payroll Deduction

If an employer wants to offer a retirement plan to employees without having to establish and maintain a formal qualified plan they can offer to withhold IRA contributions from payroll and send them to NLG monthly. The employee's contributions are withheld on a post-tax basis and if the account is a Traditional IRA the employee may be able to deduct the contributions from their taxable income. The employer must choose to offer either Traditional or Roth IRAs.

### Setting up the Plan

- Employer completed the 4258E and it is submitted to NLG to set up the billing
- Employees follow the same application procedure as for a bank draft IRA but does not complete the bank information
- Put employer name next to start date in section 5b of application. If employer is not listed the policy will be setup as direct bill and not under the employer for salary deduction. If using eApp put employer name in where requested on premium screen.

If an employee separates from service, they can begin bank draft to continue funding their policy.

All forms are available on the National Life Group agent portal or make IRA business even easier by using eApp.

### For More Information

Regarding annuities that can be used for IRAs please see the agent portal or call the National Sales Desk at 1-800-906-3310.