

# Guidelines for life insurance funded with qualified distributions

The following guidelines apply when a distribution from a qualified plan or IRA, other than a Required Minimum Distribution (RMD), will be used to pay any portion of the initial or future premiums of a life insurance policy issued by Accordia Life.

**Net Worth** - The applicant (owner or grantor, if the owner is a trust) should have a personal net worth in excess of \$1 million, excluding the value of the applicant's primary residence.

**Cover Letter** - The producer must submit a cover letter that explains the sales approach, as well as the client circumstances and objectives.

**CPA Letter** - Signed correspondence from a licensed CPA stating that the CPA agrees with the strategy to use distributions from a qualified plan or IRA to pay premium may be required.

**Disclosures** - To the extent producers are required to or desire to provide written disclosures to clients that include the amount of commissions paid by Global Atlantic for the sale of the life insurance policy and the policy's fees and charges, please see the following:

- **Fees and Charges** - Illustrated non-guaranteed fees and charges are found on the "Policy Expense" supplemental report to the Policy Illustration.

The report includes:

- Illustrated Premium Expense Charges
- Policy Expense Charges
- Annualized Policy Fee
- Cost of Insurance Charges
- Rider Expense Charges
- Surrender Charges

The supplemental report also shows the primary costs and expenses for an illustrated policy. These are based upon non-guaranteed elements. The report is for illustrative purposes only. A statement of policy costs and benefits is included in the actual contract.

- **Commissions** - To determine the amount of commissions, please refer to the Commission Schedule, which states the commission rates for all Global Atlantic Traditional Life products. For any additional commission paid by Global Atlantic not included on the Commission Schedule, please contact your upline. If you do not have your commission schedule, contact Agency Services at [Commissions@gafg.com](mailto:Commissions@gafg.com) or call (855) 887-4487, option 7.

## Important information

There are appropriate uses of distributions from qualified plans or IRAs to fund life insurance. For example, most insurance companies, including Accordia Life, have provided information and materials to promote the "IRA maximization" concept which positions life insurance as an alternative method of transferring wealth to beneficiaries. This strategy has potential advantages over an IRA in situations where the IRA owner has independently concluded that he or she will not need the IRA for its originally intended purpose. Generally, this concept is used only for certain clients, as appropriate. It is not a concept which should ever be used in a "wholesale" manner to replace, or liquidate over time, existing IRAs or qualified plans.

In contrast to traditional uses of qualified plan or IRA distributions to fund life insurance, there may be some approaches that appear less appropriate, or are even unacceptable, to Accordia Life even if the guidelines are met. Any strategy of disparaging traditional retirement savings vehicles such as qualified plans and IRAs, and using life insurance as a substitute "retirement plan" is not acceptable to Accordia Life. Please see Global Atlantic's Life Insurance Suitability & Best Practices Guide for more information.

## CONTACT US

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