# American Pathway® Deferred Income Annuity (DIA) Qualified Longevity Annuity Contract FAQs

Effective July 2, 2014, the Internal Revenue Service allows deferred income annuities to be made available as Qualified Longevity Annuity Contracts (QLACs), which will be excluded from required minimum distribution (RMD) calculations when certain conditions are met.

## On November 3, 2014, AIG began offering its American Pathway Deferred Income Annuity (DIA) as a

**Q:** How will the premium limits of 25% per account and $125,000 work in practice?

**A:** Premiums are limited to the lesser of $125,000 (lifetime) or 25% of the individual client's qualified account values. The dollar limit applies across all plans and IRAs collectively, while the percentage limit applies to the client's aggregated traditional IRA account values. If the client exceeds premium limits, IRS penalties may apply.

**Q:** What account value is the 25% IRA limit based on?

**A:** The 25% limit is based on the client's aggregated traditional IRA account values as of the prior December 31, less premiums previously paid for other IRA QLACs.

**Q:** What is the maximum QLAC purchase age for annuitant and joint annuitant?

**A:** With the AIG contract, annuitants cannot be older than 83, and joint annuitants cannot be older than 90.

**Q:** Is there a minimum purchase age restriction?

**A:** No.

**Q:** What types of contracts are eligible to be classified as QLAC?

**A:** Eligibility is restricted to a DIA issued as a traditional IRA.

**Q:** Are Roth IRAs or inherited IRAs eligible to be classified as a QLAC?

**A:** No.

**Q:** What "pre-commencement death benefit options" are available with a QLAC?

**A:** Options are return of premium (ROP) or no death benefit. ROP plus interest is **not** available.

**Q:** What payment types can be selected with a QLAC?

**A:** Payout options are limited to single or joint life only, and single or joint life with cash refund.

**Q:** Are annual payment increase options available?

**A:** Yes, all four AIG increase options are available: CPI-U Index, 1% - 5% simple, compounded or flat dollar.

**Q:** Are joint annuitants required to be spouses for the American Pathway Deferred Income Annuity?

**A:** Yes.

**Q:** If it is a joint payout, and the owner/annuitant dies prior to the annuity date, is the joint annuitant subject to the traditional RMD rules, or do they get the advantage of the later income start date?

**A:** They get the advantage of the later income start date.

**Q:** Is commutation permitted with QLAC contracts?

**A:** No.

**Q:** Can a non-QLAC be exchanged for a QLAC?

**A:** This option will not be included in AIG's initial offering.

**Q:** Can monies in an IRA that has begun distributions due to existing RMD rules (client is over 70½) be exchanged into a QLAC?

**A:** Yes.

## Watch for new introduction materials coming soon.
## Please contact your assigned wholesaling team for more information.

AIG