

## New IRA Rollover Opportunities

EGTRRA allows IRA rollovers into qualified plans. This is the first time for the opportunity to roll over ANY IRA funds into a qualified plan. This could be a huge opportunity for sales. Why? There are five major reasons why someone might want to rollover IRA funds into a qualified plan.

Keep in mind that IRA funds are not available for loans, they are not available for the purchase of insurance, they have a 10% penalty if withdrawn before age 59 ½, they are still subject to creditors in many states, and they may have limited investment options.

When the IRA funds are rolled into a qualified plan, the funds now take on the characteristics of qualified plan money. This means:

- 1) The funds are available for loans. For the first time ever, this also includes sole-proprietors, partners, and Subchapter S shareholders.
- 2) The funds are available for the unlimited purchase of insurance. There are no limits to the amount of insurance purchased with rollover money in a qualified plan.
- 3) Funds withdrawn from a qualified plan are not subject to a 10% penalty if withdrawn after age 55 if there is separation of employment. There is not the need to wait until age 59½ to avoid the penalty like there is in an IRA or TSA.
- 4) Qualified funds are protected from bankruptcy. This may be reason enough for a rollover in a state where IRA funds are not protected from bankruptcy.
- 5) In a qualified plan, there may be more investment opportunities than in the IRA. In ANICO's group variable annuity, for example, there are 45 investment options available through seven money managers. And this product can be sold by a producer who is not NASD licensed.

The qualified plan of choice would normally be a profit sharing plan due to the contribution flexibility. Therefore, small business owners may choose to establish a profit sharing plan to avail themselves of the opportunity to roll over their IRA funds as well as the chance to make additional deductible contributions into the profit sharing plan to save for retirement.

This is just one more of the many opportunities presented by the new tax law. Remember, over 60 provisions were introduced to encourage the establishment of small business retirement plans, increase the portability of qualified funds, reduce the cost and complexity of administration, and increase the contribution and benefit limits of qualified plans. ANICO can design, install, administer, and fund the plans of the small business. We are here to support you in this lucrative marketplace.

For additional information, contact the pension sales department at 888-909-6504.