

RMD Alert: Temporary Relief for 2009

Required Minimum Distributions (RMD) Background and Summary

Please note that as of 1/7/09, the attached RMD Alert has been updated to reflect changes in systematic RMD withdrawals.

On December 11, 2008, the House and Senate passed the Worker, Retiree, and Employer Recovery Act, and President Bush signed it into law on December 23, 2008. The Act states that no RMD is required for 2009. As you are aware, the current global economic conditions have caused sharp declines in many contract values. This Act is designed to provide relief to contract owners who would otherwise be forced to take a distribution in 2009. The goal is to not force contract owners to take a distribution when their contract value is at a low point and instead allow those funds to stay invested in the contract and participate in any economic recovery.

The RMD Rules, Briefly Stated:

- Individuals are required to take at least a minimum annual distribution from their account after they reach their required beginning date, which is the April 1 after they reach age 70 1/2.
- For beneficiaries of deceased individuals not already receiving RMDs, the required beginning date is either following the 5th anniversary of death (for a complete distribution) or following the 1st anniversary of death (for a periodic distribution). Special rules apply if the only designated beneficiary is the surviving spouse.

The Situation That Congress Sought to Relieve:

- In the current economic environment, many contract values have been diminished by the deep declines in the stock market.
- Congress was concerned that requiring individuals to take 2009 RMDs could have the unintended effect of forcing individuals to “sell low.” As a result, the RMD would diminish the likelihood of the individual being able to participate in any economic recovery.

What This Act Changes:

- No RMD is required for 2009.
- Any individual who attains age 70 ½ in 2009 will not be required to take a first RMD by April 1, 2010, but the distribution for the 2010 calendar year must be taken by December 31, 2010.
- For beneficiaries under the 5-year rule, the 5-year deferral period is extended by one year (e.g., if an individual died in 2007, the period would end in 2013 instead of 2012).

The next page contains **frequently asked questions** and **answers** to help you to address customer inquiries. These are preliminary, and we will update them as more answers become available. Please check www.ingannuities.com or contact the sales desk for the most updated information.

Questions and Answers on Temporary RMD Relief

Q1. If I don't take a 2009 RMD, won't I be required to pay a tax penalty?

No. Under the Act, there is no RMD required for 2009, and no tax penalty will be assessed if you do not take your RMD. In a normal year, the Tax Code assesses a 50% excise tax on any required distribution that fails to be distributed. But 2009 will not be a normal year. No excise taxes will apply because there will be no required distributions in 2009.

Q2. I've been taking RMDs for years and I've grown to depend on them as a source of retirement income. Can I still take the distribution that I had planned on?

Absolutely. Your access to your contract hasn't changed. The only thing that's changed is that you aren't *required* to take a 2009 minimum distribution. If you would like to take a distribution anyway, you can certainly do that.

Q3. I currently have a systematic IRA (i.e., RMD) withdrawal set up on my contract. Will I still receive my payments?

No. Under the terms of the Act, no RMD is required for 2009. If there is currently an IRA withdrawal set up on your contract, payment will be stopped effective 2/1/2009. If you wish to continue to receive payments in 2009, please contact us.

Q3a. Should I continue to receive my payments? What should I do?

We can not provide advice about what you *should* do. Financial portfolios differ, so please contact your financial representative or personal tax adviser to confirm if taking withdrawals from your account in 2009 is in your best interest.

Q3b. What will happen in 2010 to my systematic IRA payments?

Starting in 2010, your systematic payments will resume in accordance with your original instructions, unless you have chosen to change your original instructions.

Q3c. How do I continue payments in 2009?

Under the terms of the Act, you are not required to continue RMD withdrawals in 2009. If you wish to take a systematic withdrawal in place of your RMD withdrawal please contact us.

Q3d. Can I return a payment that I received?

You can roll over any payments received back into the contract. **If you wish to return your payment, please call us.**

Q4a. What period does the relief apply to?

The relief applies to RMDs due to be paid out to satisfy the **2009** RMD requirement.

Q4b. What effect does this have on my 2008 RMD that I deferred to April 1, 2009?

Any individual who attained age 70 ½ in 2008 and opted to defer his or her 2008 payment up to April 1, 2009, would still need to take a 2008 payment between now and April 1, 2009.

Q5. Which plans does this relief apply to?

The waiver applies to the following plans: IRA, 401(a), 401(k), 403(a), 403(b) and governmental 457(b) plans.

Q6. What is the relief being provided with regard to RMD payments for the 2009 calendar year?

Relief is being provided in the following ways:

- a) No RMD is required for 2009.
- b) Any individual who attains age 70 ½ in 2009 will not be required to take a first RMD by April 1, 2010, but the distribution for the 2010 calendar year must be taken by December 31, 2010.
- c) For beneficiaries under the 5-year rule, the 5-year deferral period is extended by one year (e.g., if an individual died in 2007, the period would end in 2013 instead of 2012).

Q7. What about the RMD I just took for 2008? Am I going to receive any relief for that?

This relief applies only to 2009.

Q8. Whom do I contact for any questions or additional information?

For fixed annuity contracts, please contact our Customer Contact Center at 800-369-5303, Monday through Friday, 8:30 a.m. to 6:30 p.m. (5:30 p.m. on Fridays), EST.

For Fixed Sales, please call the ING FA Sales Desk:
800-369-5301

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