



Oceanview

Compliance Corner

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Secure Act 2.0: RMD Age Update

On December 29, 2022, the SECURE Act 2.0 (“the Act”) was signed into law as part of the Consolidated Appropriations Act. Most of the more than 100 provisions in the Act impacted 401k’s; however, one significant change impacting qualified annuities is the adjustment to the required minimum distribution (RMD) age requirement. The first version of the SECURE Act raised the age at which RMDs are to begin from the longstanding 70 ½ to 72.

Beginning **January 1, 2023**, SECURE Act 2.0 increases that age from **72 to 73**. The age will further increase to 75 beginning January 1, 2033. Though this may appear to be a simple change, there are important specifics to keep in mind with this alteration. Let’s break down some of the “what ifs” below with a couple scenarios to help bring this change into focus.

If your client was born in 1951, reaching age 72 during 2023, the required beginning date for the first RMD will be April 1, 2025. Clients who were born prior to 1951 will need to take any RMD prior to December 31, 2023. Until 2033, (assuming no additional changes in the regulation), clients will not need to take their first RMD until April 1 the year following their 73’rd birthday. For instance, clients born in 1959 would need to take their first RMD by April 1, 2033.

More information about the SECURE Act 2.0 can be found here:

<https://www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faqs#:~:text=Beginning%20in%202023%2C%20the%20SECURE,1%2C%202025%2C%20for%202024>

NAIC Producer Requirements

The NAIC Annuity Suitability Model Regulation (NAIC Model-275) now has **thirty-seven (37)** states on board, and there is no doubt that more will soon follow.

The states that have adopted this model regulation are as follows: Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, New Mexico, North Carolina, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, Wisconsin, Wyoming and Washington.

As you already know, this regulation adds some new requirements to producer responsibilities when selling annuity products. These consist of ***four (4) obligations***:

- Care
- Disclosure
- Conflict of Interest
- Documentation

In order to satisfy these ***four obligations*** when making a recommendation, producers must:

- Know the customer's financial situation, insurance needs and financial objectives.
- Understand the available recommendation options.
- Have a reasonable basis to believe the recommended option effectively addresses the consumer's financial situation, insurance needs and financial objectives.
- Communicate the basis of the recommendation to the consumer.
- Disclose their role in the transaction, their compensation, and any material conflicts of interest.
- Document, in writing, any recommendation and the justification for such recommendation.

NAIC Producer Requirements

There is also the additional CE training requirement. The majority of states that have adopted the model thus far, give producers six months from the effective date of the regulation to take an abbreviated 1-hour “Best Interest” training course, which can be taken through many typical electronic training platforms, i.e. RegEd, QuestCE, etc. Most states are also allowing for reciprocity, therefore if you have sat for the course for one state in which you are licensed, you should not need to take the course again for a different state.

You can find the full listing of the state training requirements in the pages to follow. In addition, the link to the Model Regulation itself is also provided below.

[Click Here to Access the NAIC Suitability Model](#)

BOTTOM LINE: If you are licensed in one of the states listed above, work with your agency or IMO to take the course at your earliest convenience. Once you have completed the course, upload your certification of course completion to our agent portal, [HERE!](#)

Best Interest Producer Training

State	Eff. Date	Agents with previous annuity suitability training	Agents without previous annuity suitability training
Alabama	1/1/2022	If annuity suitability training is completed prior to 1/1/2022 , an additional 1 hour best interest CE must be completed by 6/30/2022 . Otherwise, from 6/30/2022 or later, a 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Alaska	1/15/2023	If annuity suitability training is completed prior to 1/15/2023 , an additional 1 hour best interest CE must be completed by 7/15/2023 . Otherwise, from 7/15/2023 or later, a 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/15/2023 or later must complete new 4 HR best interest training in order to solicit annuities.
Arizona	12/30/2020	If annuity suitability training is completed prior to 1/1/2021 , an additional 1 hour best interest CE must be completed by 7/1/2021 . Otherwise, after 7/1/2021 , a 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2021 or later must complete new 4 HR best interest training in order to solicit annuities.
Arkansas	7/8/2021	If annuity suitability training is completed prior to 7/8/2021 , an additional 1 hour best interest CE must be completed by 12/31/2021 . Otherwise, after 12/31/2021 , a 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 7/8/2021 or later must complete new 4 HR best interest training in order to solicit annuities.
Colorado	11/1/2022	If annuity suitability training is completed prior to 11/1/2022 , an additional 1 hour best interest CE must be completed by 5/1/2023 . Otherwise, after 5/1/2023 , a 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 11/1/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Connecticut	3/1/2022	If annuity suitability training is completed prior to 3/1/2022 , an additional 1 hour best interest CE must be completed by 9/1/2022 . Otherwise, after 9/1/2022 , a 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 3/1/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Delaware	8/1/2021	If annuity suitability training is completed prior to 8/1/2021 , an additional 1 hour best interest CE must be completed by 2/1/2022 . Otherwise, after 2/1/2022 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 8/1/2021 or later must complete new 4 HR best interest training in order to solicit annuities.
Georgia	8/1/2023	If annuity suitability training is completed prior to 8/1/2023 , an additional 1 hour best interest CE must be completed by 2/1/2024 . Otherwise, after 2/1/2024 , a 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 8/1/2023 or later must complete new 4 HR best interest training in order to solicit annuities.
Hawaii	1/1/2023	If annuity suitability training is completed prior to 1/1/2023 , an additional 1 hour best interest CE must be completed by 7/1/2023 . Otherwise, after 7/1/2023 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2023 or later must complete new 4 HR best interest training in order to solicit annuities.
Idaho	7/1/2021	If annuity suitability training is completed prior to 7/1/2021 , an additional 1 hour best interest CE must be completed by 2/1/2022 . Otherwise, after 2/1/2022 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 7/1/2021 or later must complete new 4 HR best interest training in order to solicit annuities.

Best Interest Producer Training

State	Eff. Date	Agents with previous annuity suitability training	Agents without previous annuity suitability training
Illinois	2/3/2023	A producer who engages in the sale of annuities shall complete a one-time four (4) credit training course approved by the Illinois Department of Insurance. Producers who hold a life line of authority after July 31, 2023 , and desire to sell annuities, shall complete this requirement by February 3, 2024 . Individuals who obtain a life line of authority on or after February 3, 2024 , must comply with these requirements. A producer who completed an annuity course before August 1, 2023 , shall, by February 3, 2024 , complete either a new one-time four-hour annuity best interest course, or a one-time one-hour best interest annuity course.	Agents obtaining their license on 7/31/2023 or later must complete new 4 HR best interest training in order to solicit annuities.
Iowa	1/1/2021	If annuity suitability training is completed prior to 1/1/2021 , an additional 1 hour best interest CE must be completed by 6/30/2021 . Otherwise, from 6/30/2021 or later, a 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2021 or later must complete new 4 HR best interest training in order to solicit annuities.
Kentucky	1/1/2022	If annuity suitability training is completed prior to 1/1/2022 , an additional 1 hour best interest CE must be completed by 6/30/2022 . Otherwise, from 7/1/2022 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Maine	10/8/2022	If annuity suitability training is completed prior to 10/8/2022 , an additional 1 hour best interest CE must be completed by 4/8/2023 . Otherwise, after 4/8/2023 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 10/8/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Maryland	10/8/2022	If annuity suitability training is completed prior to 10/8/2022 , an additional 1 hour best interest CE must be completed by 10/8/2022 . Otherwise, after 10/8/2022 , 4 HR best interest training must be complete in order to solicit annuities. *NO 6 MONTH GRACE PERIOD	Agents obtaining their license on 10/8/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Massachusetts	12/9/2022	If annuity suitability training is completed prior to 12/9/2022 , an additional 1 hour best interest CE must be completed by 6/9/2023 . Otherwise, after 6/9/2023 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 12/9/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Michigan	6/29/2021	If annuity suitability training is completed prior to 6/29/2021 , an additional 1 hour best interest CE must be completed by 12/29/2021 . Otherwise, after 6/29/2021 , 4 HR best interest training must be complete in order to solicit annuities. *REQUIRES THEIR OWN FORM	Agents obtaining their license on 6/29/2021 or later must complete new 4 HR best interest training in order to solicit annuities.
Minnesota	1/1/2023	If annuity suitability training is completed prior to 1/1/2023 , an additional 1 hour best interest CE must be completed by 7/1/2023 . Otherwise, after 7/1/2022 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Mississippi	7/1/2022	If annuity suitability training is completed prior to 7/1/2022 , an additional 1 hour best interest CE must be completed by 1/1/2023 . Otherwise, after 1/1/2023 , a 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 7/1/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Montana	10/1/2021	If annuity suitability training is completed prior to 10/1/2021 , an additional 1 hour best interest CE must be completed by 4/1/2022 . Otherwise, after 4/1/2022 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 10/1/2021 or later must complete new 4 HR best interest training in order to solicit annuities.

Best Interest Producer Training

State	Eff. Date	Agents with previous annuity suitability training	Agents without previous annuity suitability training
Nebraska	1/1/2022	If annuity suitability training is completed prior to 1/1/2022 , an additional 1 hour best interest CE must be completed by 6/1/2022 . Otherwise, after 6/1/2022 , a 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
New Mexico	10/1/2022	If annuity suitability training is completed prior to 10/1/2022 , an additional 1 hour best interest CE must be completed by 4/1/2023 . Otherwise, after 4/1/2023 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 10/1/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
North Carolina	1/1/2023	If annuity suitability training is completed prior to 1/1/2023 , an additional 1 hour best interest CE must be completed by 6/30/2023 . Otherwise, after 6/30/2023 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2023 or later must complete new 4 HR best interest training in order to solicit annuities.
North Dakota	1/1/2022	If annuity suitability training is completed prior to 1/1/2022 , an additional 1 hour best interest CE must be completed by 7/1/2022 . Otherwise, after 7/1/2022 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Ohio	2/14/2021	If annuity suitability training is completed prior to 2/14/2021 , an additional 1 hour best interest CE must be completed by 8/14/2021 . Otherwise, after 8/14/2021 , best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 2/14/2021 or later must complete new 4 HR best interest training in order to solicit annuities.
Pennsylvania	6/20/2022	If annuity suitability training is completed prior to 6/20/2022 , an additional 1 hour best interest CE must be completed by 12/20/2022 . Otherwise, after 12/20/2022 , 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 6/20/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Rhode Island	4/1/2021	If annuity suitability training is completed prior to 4/1/2021 , an additional 1 hour best interest CE must be completed by 10/1/2021 . Otherwise, after 10/1/2021 , best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 4/1/2021 or later must complete new 4 HR best interest training in order to solicit annuities.
South Carolina	11/27/2022	If annuity suitability training is completed prior to 11/27/2022 , an additional 1 hour best interest CE must be completed by 5/27/2023 . Otherwise, from 5/27/2023 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 11/27/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
South Dakota	1/1/2023	If annuity suitability training is completed prior to 1/1/2023 , an additional 1 hour best interest CE must be completed by 7/1/2023 . Otherwise, from 7/1/2023 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2023 or later must complete new 4 HR best interest training in order to solicit annuities.
Tennessee	1/1/2024	If annuity suitability training is completed prior to 1/1/2024 , an additional 1 hour best interest CE must be completed by 6/1/2024 . Otherwise, from 6/1/2024 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2024 or later must complete new 4 HR best interest training in order to solicit annuities.
Texas	9/1/2021	If annuity suitability training is completed prior to 9/1/2021 , an additional 1 hour best interest CE must be completed by 1/1/2022 . Otherwise, from 1/1/2022 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 9/1/2021 or later must complete new 4 HR best interest training in order to solicit annuities.

Best Interest Producer Training

State	Eff. Date	Agents with previous annuity suitability training	Agents without previous annuity suitability training
Utah	1/1/2023	If annuity suitability training is completed prior to 1/1/2023 , an additional 1 hour best interest CE must completed by 12/31/2023 . Otherwise, from 12/31/2023 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2023 or later must complete new 4 HR best interest training in order to solicit annuities.
Virginia	9/1/2021	If annuity suitability training is completed prior to 9/1/2021 , an additional 1 hour best interest CE must completed by 3/1/2022 . Otherwise, from 3/1/2022 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 9/1/2021 or later must complete new 4 HR best interest training in order to solicit annuities.
West Virginia	6/8/2023	If annuity suitability training is completed prior to 6/8/2023 , an additional 1 hour best interest CE must completed by 12/8/2023 . Otherwise, from 12/8/2023 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 6/8/2023 or later must complete new 4 HR best interest training in order to solicit annuities.
Wisconsin	10/1/2022	If annuity suitability training is completed prior to 10/1/2022 , an additional 1 hour best interest CE must completed by 10/1/2023 . Otherwise, from 10/1/2023 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 10/1/2022 or later must complete new 4 HR best interest training in order to solicit annuities.
Wyoming	7/5/2023	If annuity suitability training is completed prior to 7/5/2023 , an additional 1 hour best interest CE must completed by 1/5/2024 . Otherwise, from 1/5/2024 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 7/5/2023 or later must complete new 4 HR best interest training in order to solicit annuities.
Washington	1/1/2024	If annuity suitability training is completed prior to 1/1/2024 , an additional 1 hour best interest CE must completed by 6/1/2024 . Otherwise, from 6/1/2024 or later, 4 HR best interest training must be complete in order to solicit annuities.	Agents obtaining their license on 1/1/2024 or later must complete new 4 HR best interest training in order to solicit annuities.

Jointly Held Contracts

EXAMPLE:	IF.....	AND.....	THEN.....
<p>Bob and Suzy Jones purchase an annuity contract – 3 year MYGA.</p>	<p>They have listed themselves as owners, i.e., Joint Owners. They then listed their 2 sons as the Primary Beneficiaries at 50% each. They have also listed Bob's brother as the Contingent Beneficiary.</p>	<p>Suzy passes away, and Bob is interested in possibly continuing the contract.</p>	<p>Bob is informed that he does not have the opportunity to continue the contract as he is not the named beneficiary and that their 2 sons will be receiving the Death Claim proceeds.</p>
<p>Bob and Suzy Jones purchase an annuity contract – 3 year MYGA.</p>	<p>They have listed themselves as owners, i.e., Joint Owners. They have also listed the "Surviving Spouse" as the Primary Beneficiary – 100%. Their 2 sons were listed as the Contingent Beneficiaries.</p>	<p>Bob passes away, and Suzy wants to take a Lump Sum disbursement.</p>	<p>Suzy has the option of taking a Lump Sum distribution, a spousal continuation or Suzy can request to take part of one of the settlement options.</p>
<p>Bob and Suzy Jones purchase an annuity contract – 3 year MYGA.</p>	<p>They have listed themselves as owners, i.e., Joint Owners. They have listed Suzy as the Primary beneficiary – 100%. And Bob as the Contingent Beneficiary – 100%.</p>	<p>Bob passes away, and Suzy is looking to collect.</p>	<p>The way that this was set up, Suzy remains the owner of the contract, and, since she was the Primary Beneficiary, it would be a better idea to now list the sons as the Primary Beneficiary.</p>

Proper Titling For Inherited/Stretch IRA's

IRA beneficiaries should make certain that the title to the accounts conforms to tax laws. A non-spouse beneficiary should now put the account in the beneficiary's own name.

The account title should read:

“[Owner’s name], deceased [date of death], IRA FBO [beneficiary name], Beneficiary”
(FBO means “for the benefit of”)

If the account is put in the beneficiary's name, this is treated as a distribution, and all of the funds are immediately reportable.

Elder Financial Exploitation

Elder financial exploitation continues to be a growing problem and a sensitive topic. As part of an industry working closely with elder adults 65 and above, understanding the warning signs of elder financial abuse is an important tool in being able to help stop and prevent elder exploitation. Let's explore some red flags that can help you recognize a potential incident of elder financial exploitation and tips on how your client can protect themselves.

What is Elder Financial Exploitation?

Elder Financial Exploitation is when someone illegally or improperly uses an elder's money or belongings for their own personal use.

What are some red flags to watch for?

- Unusual financial activity or behavior
- Requests for changes in beneficiaries or legal documents without explanation
- New 'friends' or acquaintances helping out
- New phone numbers or email addresses
- Liquidating assets without regard as to penalties

What can your client do to protect themselves?

- Plan ahead to protect assets to ensure their wishes are followed.
- Never give personal information to anyone over the phone unless they initiated the call.
- Consult with a financial advisor or attorney before signing any document the client does not fully understand.

How can you help prevent elder financial exploitation?

- Educate, educate, educate! The more you know and understand elder financial abuse, the better you will be able to spot the red flags and take action.
- If you see something, say something! Report suspected abuse to the proper authorities. Ask your institution if there are any specific protocols for reporting elder financial abuse.

Looking to Earn Additional CE Credits?

Oceanview is excited to offer the availability of the RegEd course “Working With and Protecting Older Clients” to all agents at **no cost to you**.

This course is all encompassing when it comes to common issues when working with senior clients.

Topics discussed **include**:

- Ways to work with clients having diminished capacity
- Fraud
- Elder financial abuse
- Suitability issues affecting seniors
- Methods of marketing to senior clients
- Federal SeniorSafe Act
- FINRA Rules
- State model legislations

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