

**RMD CLIENT GUIDE**

Know what you're getting

Understanding your required minimum distribution (RMD)

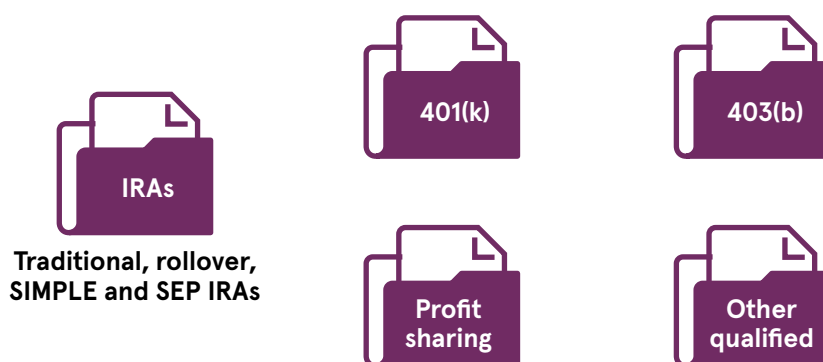
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Your RMD—the basics

An RMD is the amount you have to begin withdrawing from a tax-deferred retirement savings account (like any annuities you own in a qualified account) by April 1 of the year after you turn 73* or, if you're older than 73, the year you stop working for the company that sponsors the plan.[†] Subsequent RMDs must be taken by December 31 each year. These payments can be taken incrementally during the year, or as a lump sum. You can avoid the possibility of taking your first two RMDs the same year by taking your initial withdrawal the year you turn 73*, rather than waiting until April of the following year.¹

RMDs may apply to qualified annuities held in these kinds of plans



How much money will your RMD be?

Your fair
market value*
as of December
31 last year



Your life
expectancy
based on the
IRS table



Your current
RMD

WHAT IS AN ANNUITY?

Annuities are long-term, tax-deferred vehicles designed for retirement and are insurance contracts. Variable annuities and registered index-linked annuities involve investment risks and may lose value. Earnings are taxable as ordinary income when distributed. Individuals may be subject to a 10% additional tax for withdrawals before age 59½ unless an exception to the tax is met.

* The SECURE Act, SECURE Act 2.0, and SECURE Act Final Regulations (Federal Register, Volume 89, No. 139, "Required Minimum Distributions," July 19, 2024) changed the RMD age. The RMD age is 72 for individuals born between July 1, 1949, and December 31, 1950; 73 for individuals born between January 1, 1951, and December 31, 1959; and 75 for individuals born on or after January 1, 1960.

[†] The exemption to delay taking RMDs from a workplace retirement plan until you retire does not apply if you own more than 5% of the company sponsoring the plan.

[‡] If your account balance includes additional benefits (including enhanced death benefits, living benefits and income guarantees) the annuity provides, the fair market value of the annuity must include the actuarial present value.

¹ IRS, "Retirement Topics—Required Minimum Distributions (RMDs)," 2023.

Catherine

- Single
- Turned 73 in 2024
- Elects to take first RMD in 2025

RETIREMENT ACCOUNT VALUE

- \$100,000 at the end of 2023

RMD

- 2024 amount is \$3,774
- Amount is based on the fair market value of her retirement account as of December 31, 2023, and IRS RMD tables for a 73-year-old
- Required to take 2024 RMD by April 1, 2025, and 2025 RMD by December 31, 2025
- Subsequent RMDs are required by December 31



This hypothetical example is for illustrative purposes only and is not representative of the past or future performance of any product. Past performance is no guarantee of future results. The RMD was calculated using the Uniform Lifetime Table located in Internal Revenue Service, Publication 590-B, "Distributions from Individual Retirement Arrangements (IRAs)," 2023.

The IRS allows individuals to delay their first RMD until April 1 of the year after they reach RMD age. The amount of the 2025 RMD will be based on the Dec. 31, 2024, fair market value and IRS RMD tables for a 74-year-old.

Taxes—your annuity and RMDs

Withdrawals from annuities in qualified accounts are taxed at ordinary income rates and the same is true of withdrawals due to RMDs. If your annuity includes an add-on lifetime income benefit,[§] income from the benefit payment would apply toward your RMD. Talk to your financial professional or tax advisor for full details.

What if I have multiple retirement accounts?

You must calculate a separate RMD for each tax-deferred account to which an RMD applies. But you can combine like accounts, such as IRAs, for RMD purposes. However, RMDs from your IRA and an employer-sponsored qualified account must be taken separately. For instance, if you have multiple IRA accounts—one of which has no early withdrawal penalties—you could take your total IRA RMD from this one account.

Consider your options:

- Could you consolidate accounts through rollovers?
- Are there other ways to reduce the number of RMDs you need to calculate?
- Have you talked to your financial professional or tax advisor?

I know the amount of my RMD but I want to take more

You can withdraw more than the RMD in one year, but be aware of the potential impact to any of your annuity's add-on benefits and whether it's considered taxable income. Many annuities with add-on benefits allow you to take an RMD that exceeds your guaranteed annual withdrawal amount with no effect on future guaranteed withdrawals. But you may want to verify if your annuity offers this benefit. Note, however, you cannot apply the excess distribution from one year's RMD to the next year's RMD.

[§] Add-on living benefits are available for an extra charge in addition to the ongoing fees and expenses of the annuity and may be subject to conditions and limitations.

What if I don't take an annual RMD or make a mistake?

SECURE 2.0 changed the excise tax applied to any undistributed RMD amount. If you don't take your full RMD, the penalty was reduced from 50% to 25% of the missed RMD amount. If the missed RMD is corrected during the "correction window," the penalty is further reduced to 10% of the missed RMD amount. The correction window is generally January 1 of the year following the year of the missed RMD and ends the earliest of these dates: when notice of the missed RMD is mailed to the account owner, when the penalty is assessed, or the last day of the second tax year after the penalty is imposed.²

What if I'm still working?

If you work beyond age 73 and are less than a 5% owner of the business sponsoring the plan,³ you can delay taking RMDs until you retire. Though you still have to take RMDs from a traditional IRA.

What if I want to distribute my RMD to a charity?

You can satisfy your RMD by distributing it to a nonprofit organization, via a Qualified Charitable Distribution. For details on how this is done (per IRS regulations) and how it may affect your tax situation, talk to your financial professional or tax advisor.

How is the RMD for my annuity calculated?

With an annuity, the RMD accounts for all of the interest in the contract. So, in addition to your contract value, if additional annuity benefits are provided under the contract, and if the actuarial present value of those benefits is greater than zero, then a larger RMD may be calculated. Larger withdrawals, including those resulting from a larger RMD, increase the probability that a contract value falls to zero. If your contract value falls to zero, guaranteed minimum withdrawal benefits allow you to continue receiving guaranteed annual withdrawals, but any guaranteed death benefits may terminate.

Still have questions?

For more details on taking RMDs from your Jackson annuity, discuss this with your financial professional, tax advisor, or visit [jackson.com](https://www.jackson.com).

² SECURE 2.0 Act of 2022, Federal Register Vol. 88, No. 18 (Jan. 27, 2023), p. 563.

³ IRS, "Retirement Plan and IRA Required Minimum Distributions FAQs," 2023.

Before investing, investors should carefully consider the investment objectives, risks, charges, and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses provide this and other important information. Please contact your financial professional or Jackson to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.

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The actuarial present value (APV) is not included in the fair market value (FMV) for RMD purposes if the additional benefit on the contract is a pro-rata benefit and the account value plus the APV is less than 120% of the account value. This exception does not apply to the FMV calculation for Roth conversions.

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