Addendum: for use with Missouri Life and Health online ExamFX courses and study guide version 20315en/20316en, per exam content outline updates effective 3/1/2020.

The following are ***content additions*** *to supplement your existing text unless otherwise indicated:*

LIFE

Taxes, Retirement, and Other Insurance Concepts

E. Retirement Plans

2. Individual Qualified Plans – IRA and Roth IRA – *revised as follows per required minimum distribution rule change*

A Traditional **Individual Retirement Account (IRA)** allows individuals to make tax deductible contributions. Previously, individuals were allowed to contribute to the account until the age of 70 ½; however, the SECURE Act of 2019 removed the prior age limit for all contributions starting in tax year 2020. Plan participants are allowed to contribute up to a specified dollar limit each year, or 100% of their salary if less than the maximum allowable amount. Individuals who are **age 50 or older** are entitled to make additional catch-up contributions. A married couple could contribute a specified amount that is double the individual amount, even if only one person had earned income. Each spouse is required to maintain a separate account not exceeding the individual limit.

In traditional IRAs, the owner may **withdraw** the funds at any time. However, withdrawals prior to age 59 ½ are considered early withdrawals and are subject to a 10% additional tax. Starting at age 59 ½, the owner may withdraw assets without having to pay the 10% additional tax. However, the owner must start receiving distributions from the IRA at the age of 72 (the SECURE Act of 2019 raised the required minimum distribution age from 70 ½ to 72). Starting at age 72, the owner must receive at least a minimum annual amount, known as the **required minimum distribution (RMD)**.

The **Roth IRA** is a form of an individual retirement account funded with after-tax contributions. An individual can contribute 100% of earned income up to an IRS-specified maximum, as with traditional IRAs (the dollar amounts change every year). Roth contributions can continue regardless of the account owner's age, and in contrast with a traditional IRA, distributions do not have to begin at age 72 (previously 70½). Roth IRAs grow tax free as long as the account is open for at least 5 years.

Missouri Statutes, Rules, and Regulations Pertinent to Life Only

Advertising

All advertisements used in the solicitation of life insurance are the responsibility of the insurer and the producer who created and presented the advertisement. Insurers are required to maintain control of advertising standards and must provide a notice of requirements and procedures to all agents and brokers, at least once every year.

All advertisements for the sale of life insurance are **prohibited** from:

- Providing misleading or deceiving information, whether stated or implied;
- Using such terms as *investment, free, no cost, founder's plan, charter plan, deposit, expansion plan, profit, profit sharing, return, interest plan, savings, private pension plan, retirement plan, preneed contract, preneed funeral contract, or prearrangement*;
- Minimizing, obscuring, or omitting information to confuse, mislead, or deceive;
- Omitting the words *life insurance* or *annuity*, unless clearly indicated;
- Claiming cost savings without justification;
- Using the wording *inexpensive*, *low cost*, or similar phrases;
- Containing a statement that premiums paid can be withdrawn;
- Representing that premiums are not required on a yearly basis to maintain illustrated death benefits;
- Using the terms *vanish* or *vanishing premium*;
- Emphasizing investment or tax features in a misleading fashion;
- Stating interest charge on a policy loan or reduction of death benefits are unfair or inequitable;
- Referring to insurers or producers as *financial planners, investment advisers, financial consultants, financial counsellors, sellers, preneed sellers, or preneed agents*;
- Using nonguaranteed elements in a manner to mislead;
- Referring to dividends as *tax free*;
- Stating the policyowner will receive a percentage or portion of company earnings;
- Stating that prospective insureds will become members of a special class or group;
- Stating that an insurer or policy has been approved or endorsed by a group, society, association, or other organization;
- Implying affiliation with a university, college, school, or other training institution;
- Implying recommendation or endorsement by a government entity; and
- Unfairly comparing policies, benefits, or rates of other insurers.

In Missouri, all life insurance advertisements **must include** the following:

- The type of policy advertised;
- The name of the insurer;
- Limitations of benefits, if modified benefits are stated;
- Premium changes, if non-level premiums are advertised;
- Nonforfeiture amounts of basic life policy death benefits or for each $1,000 of the initial death benefit;

- Elements guaranteed but not determinable at issue;
- A statement that an insurer reserves the right to change elements;
- Genuine testimonials, appraisals or analyses;
- A statement that an individual's testimony may be tied to financial interest in the insurer, if applicable;
- Statements based upon the guaranteed accumulation of interest rates, if nonguaranteed interest rates are provided;
- A disclosure explaining the relationship between gross and net premiums; and
- A statement that cash surrender benefits are not provided, if applicable to the policy being advertised.

An enrollment period for life insurance may not be advertised unless there has been a lapse of no less than **3 months** between the close of the preceding enrollment period and the opening of a new enrollment period. Advertisements must specify the date in which an applicant must submit an application, not less than **10 days** or more than **40 days** of the enrollment period advertised.

Insurers are required to maintain records of all advertisements, testimonials, appraisals, and analyses for a minimum of **5 years**. Insurers must file a certificate of compliance in an annual statement to the Director.

HEALTH

Social Insurance – *revised as follows per Medicare rule change*

A. Medicare

4. Part D

Those who sign up for the standard Prescription Drug Benefit plan will have a monthly premium and a deductible. The monthly premium varies by plan. After the deductible is paid, the plan would provide prescription drug costs coverage until a benefit limit is reached. Most Medicare drug plans have a coverage gap, also called a "donut hole." The coverage gap begins after the beneficiary and the drug plan have spent a certain amount for covered drugs ($4,020 in 2020). In the coverage gap, the beneficiary is responsible for **25%** of brand name prescription drug costs, and **25%** of the plan's cost for covered generic drugs. Note that as of 2020, the donut hole for generic drugs has closed.

Once the beneficiary has met the plan's out-of-pocket cost requirements for the year *($6,350 in 2020)*, **catastrophic coverage** begins automatically. Catastrophic coverage will cover 95% of prescription drug costs. The beneficiary pays the greater of the specified amount or 5%. The cost limit for generic drugs would be lower than for name brand drugs.