

Comparing Your IRA Choices

	Traditional Deductible	Traditional Non-Deductible	Roth	Coverdell Education Savings Account
Tax Benefits	Tax-deductible contributions and tax-deferred earnings.	Tax-deferred earnings.	Tax-deferred earnings and qualified tax-free distributions.	Tax-deferred earnings and qualified tax-free distributions.
Eligibility	Individual with earned income (and non-working spouse) under age 70½, subject to income limits below.	Individual with earned income (and non-working spouse) under age 70½, regardless of plan participation status or income.	Individual with earned income (and non-working spouse) regardless of plan participation or age. 2008 contributions are phased out for MAGI of: • Single — \$101,000-\$116,000 • Joint — \$159,000-\$169,000 • Separate — \$0-\$10,000	Any individual on behalf of a child (child, parents, grandparents, aunts, uncles, friends, etc.) Contributions phased out if contributor's MAGI is: • Single — \$95,000-\$110,000 • Joint — \$190,000-\$220,000
Deduction of Contributions (2008 limits)	Individual and spouse not covered by plan at work, full deduction regardless of income. Individual with plan — 2008 deduction limits phased out for MAGI of: • Single — \$53,000-\$63,000 • Joint — \$85,000-\$105,000 • Separate — \$0-\$10,000 Individual without plan/spouse with plan — deduction limits phased out for MAGI of: • Joint — \$159,000-\$169,000	Contributions are not deductible.	Contributions are not deductible.	Contributions are not deductible.
Annual Contributions (2008 limits)	Lesser of 100 percent of earned income or \$5,000 (for each spouse). Aggregated with other Traditional and Roth IRA contributions. Catch-Up Contributions: IRA holders age 50 & older may contribute \$1,000 in excess of the basic annual contribution.	Same as Traditional Deductible.	Same as Traditional Deductible.	\$2,000 per child until they reach 18. Aggregated with other Coverdell Education Savings Accounts. Contributions to Coverdell Education Savings Account can be made: • For children over 18 with certain special needs • In addition to contributions to 529 plans
Rollover Contributions	Eligible distributions from another Traditional IRA, SEP IRA, qualified plans (401(k), 403(b), 457 plans) or SIMPLE IRA (after two years). No taxes until withdrawn from IRA.	Same as Traditional Deductible.	If MAGI ≤ \$100,000 and not married filing separately, can convert Traditional, SEP and (after two years) SIMPLE IRA to Roth. Ordinary income tax (no 10 percent penalty) on taxable amounts converted. Eligible distribution from a qualified plan may be converted after being rolled into a Traditional IRA. And can rollover from another Roth IRA.	Distributions from another Coverdell Education Savings Account (Ed IRA) for same child or certain family members' Education Savings Accounts.
Mandatory Distributions	Age 70½ or death.	Same as Traditional Deductible.	None during lifetime. Beneficiary (except spouse) must begin at IRA owner's death.	Age 30 or death.
Taxes on Distributions	Ordinary income. 10 percent penalty before age 59½ unless due to death, disability, Substantially Equal Periodic Payments (SEPP), eligible medical expenses, certain unemployed individuals' health insurance premiums, limited "first time" home purchase (\$10,000 lifetime maximum), qualified higher education expenses or IRS levy.	Each distribution partially taxable. Ordinary income on taxable portion. Distributions subject to same 10 percent penalty tax and exceptions as deductible IRA.	Qualified distributions of contributions from a Roth IRA are generally tax-free and penalty-free. Distributions of earnings are tax-free and penalty-free after five years and age 59½. If earnings are taken earlier, they are subject to ordinary income tax and a 10 percent penalty, with the same exceptions as a Traditional Deductible IRA.	Tax-free if used for qualified education expenses before age 30. Otherwise, earnings subject to ordinary income tax plus 10 percent penalty tax. Limited exceptions may apply to 10 percent tax.

Roth Conversions

Converting your existing Traditional IRA to a Roth IRA may help you maximize your tax-free wealth-building opportunities. If your Modified Adjusted Gross Income (MAGI) is \$100,000 or less (married filing jointly or single — not available if you are married and filing separately), you qualify for a Roth conversion.

You can convert your existing Traditional, SEP and (after two years) SIMPLE IRAs by paying the ordinary income tax (but no penalty) on the amounts you would like to reposition as a Roth IRA. Such a conversion will result in potentially income-tax-free withdrawals and inheritance.

If you pay the taxes due on the conversion from your current income or savings, not from the IRA itself, you will maximize the benefit of the tax-free earnings potential. Distributions from a Roth IRA conversion, prior to the expiration of a five-year holding period or attainment of age 59½ (beginning with the year of conversion), are subject to a 10 percent penalty, unless one of the exceptions below applies.

Exceptions to the 10 percent early distribution penalty: Death, disability, Substantially Equal Periodic Payments (SEPP), eligible medical expenses, certain unemployed individuals' health premiums, limited "first time" home purchase (\$10,000 lifetime maximum), qualified higher education expenses, or IRS levy. To see if a Roth Conversion is best for your individual situation, please contact your Financial Advisor.

Choosing the Right IRA

With your many options, how do you know which IRA is right for you?

- In general, the Traditional Deductible IRA may be most attractive to eligible individuals who anticipate being in a lower tax bracket in retirement.
- The Roth IRA may appeal to eligible investors who expect their tax bracket to be the same or higher in retirement, those who are most interested in passing IRA assets to their heirs or those who have a long time before they will need their IRA assets.

- The Non-Deductible Traditional IRA may be a viable savings option for those who do not qualify for a Roth or Traditional Deductible IRA.
- Those who are focused on the future needs of younger family members may want to consider the tax-free benefits available with a Coverdell Education Savings Account.

To make the best decision with so many IRA options available, you must consider factors like your current and future tax rates, your income and marital status, your anticipated use of the IRA funds and the availability of a retirement plan at your place of employment.

We Help You Choose

At our firm, we understand the significance of your retirement planning decisions. We offer the services you need to better understand which IRA is best for your personal financial situation. Contact your Financial Advisor today for a complimentary consultation.

Investor Protection

The Securities Investor Protection Corporation (SIPC) protects securities customers of its members up to \$500,000 (including \$100,000 for claims for cash). An explanatory brochure is available upon request or at www.sipc.org.

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