

*Which IRA works best for you?
Compare...*

	<i>Retirement SOLUTIONS Traditional IRA</i>	<i>Retirement SOLUTIONS Roth IRA</i>
Annual Contribution Limit	In tax year 2007, \$4,000 for single taxpayers, \$8,000 for married taxpayers filing jointly*	In tax year 2007, Same as for Traditional IRA*
Eligibility	Anyone under age 70 1/2 with earned income, or whose spouse has earned income	<ul style="list-style-type: none"> • No age limit — must have earned income or spouse with earned income • AGI phase-out of \$99,000-\$109,000 for single taxpayers • AGI phase-out of \$156,000-\$166,000 for married taxpayers filing jointly • AGI phase-out of less than \$10,000 for married taxpayers filing separately
Deduction of Contributions	<p>Full deduction if:</p> <ul style="list-style-type: none"> • You or your spouse are not active participants in employer-sponsored retirement plan; or • Your spouse is an active participant in an employer-sponsored plan and you are an at-home spouse or spouse not covered by a retirement plan, filing jointly with an AGI of \$156,000 or less; or • You are an active participant in an employer-sponsored plan and your adjusted gross income (AGI) in 2007 is \$52,000 or less for single taxpayers and \$83,000 or less for married taxpayers filing jointly. In 2007, the AGI will be \$52,000 or less for single taxpayers and \$83,000 or less for married taxpayers filing jointly. <p>Partial deduction** if:</p> <ul style="list-style-type: none"> • You are an active participant in a retirement plan and meet the following AGI requirements: your AGI in 2007 is between \$52,000 and \$62,000 for single taxpayers, and between \$83,000 and \$93,000 for married taxpayers filing jointly. 	Non-deductible across the board

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	Retirement SOLUTIONS Traditional IRA	Retirement SOLUTIONS Roth IRA
Allowable Early Distributions Subject to Ordinary Income Tax but no 10% Penalty	<p>All distributions:</p> <ul style="list-style-type: none"> • On or after age 59 1/2 • Death • Disability • Substantially equal payments • Medical expenses in excess of 7 1/2% of AGI • Health insurance premiums paid by certain unemployed individuals • First-time homebuyer expense (lifetime limit of \$10,000) • Qualified higher education expenses • IRS Levy • Conversions*** 	<p>Non-qualified distributions:</p> <ul style="list-style-type: none"> • On or after age 59 1/2 • Death • Disability • Substantially equal payments • Medical expenses in excess of 7 1/2% of AGI • Health insurance premiums paid by certain unemployed individuals • First-time homebuyer expense (lifetime limit of \$10,000) • Qualified higher education expenses • IRS Levy
Taxation of Distributions	<ul style="list-style-type: none"> • General rule is that all distributions are taxed as ordinary income. • Non-deductible contributions are recovered tax-free ratably. • Taxpayer uses IRS Form 8606 to calculate tax-free portion. 	<p>Qualified distributions</p> <ul style="list-style-type: none"> • Tax-free and penalty-free • A qualified distribution is one made due to: <ul style="list-style-type: none"> • Attainment of age 59 1/2 or older • Death • Disability • First-time homebuyer expenses (up to the \$10,000 limit) <p>and</p> <ul style="list-style-type: none"> • After the end of the 5-year period beginning with the first taxable year for which the individual first makes a contribution to a Roth IRA. Additional contributions will not start the running of another 5-year period. <p>Non-qualified distributions:</p> <ul style="list-style-type: none"> • Principal is tax-free. • Earnings are taxed and incur 10% penalty unless exception applies.
Required Minimum Distributions	Yes. Must begin by April 1 of the year following the year individual turns 70 1/2.	No required distributions at age 70 1/2.
Rollovers and Transfers	Transfers allowed to and from Traditional, SEP, SARSEP, and SIMPLE IRAs. Rollovers allowed to and from 403(b), 457, and employer-sponsored retirement plans.	Allowed to and from Roth IRAs only.
Conversion From Traditional IRA to Roth IRA		<ul style="list-style-type: none"> • Conversions taxed as income in year converted. • Allowed for AGI less than \$100,000 (for both singles and married couples) • Rollovers from employer-sponsored retirement plans, 403(b) plans, or 457 plans must first be rolled into an IRA, then converted to a Roth IRA. • Allowed for SIMPLE IRAs (after initial 2-year period) and SEP IRAs.

* Contributions for both a Traditional and Roth IRA cannot exceed a total of \$4,000 per person tax year. Individuals age 50 and older may increase their contributions by \$1,000 in 2007.

** See IRS Publication 590 for more information on how to calculate the partially deductible amount.

*** Any amount not converted may be subject to 10% penalty.