PREMIERE SELECT®

A guide for managing your IRA inheritance

Maximize your inherited IRA and enhance your financial security.

Make the most of your inheritance by taking advantage of continued tax-deferred growth potential.

Receiving an inheritance can be a financial windfall.

The same is true when you inherit an Individual Retirement Account (IRA). One of the benefits of an inherited IRA is your ability to take advantage of continued tax-deferred growth and recent, potentially more favorable rules relating to required minimum distributions (RMDs). Your tax advisor, broker, or financial advisor can help you work through the complexities so you can make the most of your inheritance—and potentially increase its value.

Tips for managing your inheritance

Depending on your circumstances, you may benefit from keeping your inherited assets invested so they can continue to grow tax deferred. Inherited IRAs, which are IRA accounts specifically designed for IRA beneficiaries, enable you to take advantage of continued investment without the impact of immediate taxes, so you can maximize the value of your inherited assets. There are two general factors to keep in mind as you decide how to manage your inherited IRA assets:

TIP

CASHING OUT YOUR IRA INHERITANCE CAN BE COSTLY.

You should carefully evaluate the impact of taking your IRA inheritance in cash. Your inherited assets may not be the best source to tap for immediate access to cash for the following reasons:

- **Short-term tax drain**—You may be thinking about taking withdrawals or cashing out your IRA inheritance for short-term financial needs. However, you may want to consider keeping these assets invested, as you could immediately lose a significant portion to income taxes once they are withdrawn.
- **Potential loss of future earnings**—When you withdraw from your IRA, you decrease the amount that can continue to compound tax deferred, as the chart on the facing page shows. You may want to consider other after-tax resources before liquidating your IRA inheritance for immediate cash needs.

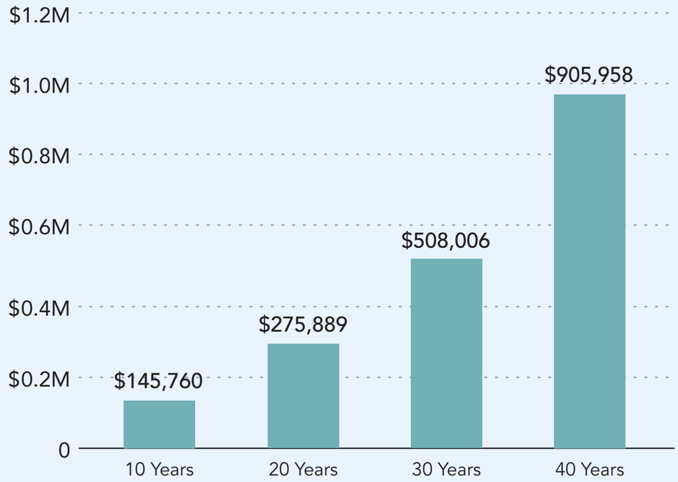
TIP

YOU MUST TAKE REQUIRED MINIMUM DISTRIBUTIONS.

Inherited IRAs are subject to annual IRS required minimum distribution (RMD) rules, which require you to withdraw a minimum amount from your IRA each year. As a beneficiary, you may be able to take advantage of basing distributions on your own life expectancy rather than that of the original IRA owner, which generally lowers the annual RMD amounts. Your broker or advisor can walk you through the specific rules, regulations, and time frames pertaining to your specific situation.

Stretching out an inherited IRA[1]

Hypothetical combined after-tax value of an Inherited IRA and taxable account[2]



This hypothetical example is for illustrative purposes only and does not represent the performance of any security in a Premiere Select® IRA.

[1]Assumptions: (1) Original IRA owner died before being required to take RMDs, (2) 45-year-old nonspouse designated beneficiary sets up an IRA Beneficiary Distribution Account (IRA-BDA) for their portion of assets in the same year the original IRA owner died, (3) IRA has a value of $100,000 (pretax) on 12/31 of that same year, (4) beneficiary starts RMDs on 12/31 of the year following the owner's death using a starting distribution factor of 37.9, (5) subsequent annual RMDs taken on 12/31 based on distribution factor reduced by one year, (6) 25% is subtracted from each RMD to reflect the federal income taxes owed on it, (7) the net RMD amount after taxes is invested in a taxable account, (8) an imputed constant annual federal income tax rate of 17% on taxable account earnings (based on a mix of short- and long-term capital gains, dividends, and interest), (9) a 7% annual rate of return in all accounts, (10) any assets remaining in the IRA at the end of a specified period are reduced by 25% to reflect the federal income taxes that would be due if they were distributed at that time, and (11) no assets are spent by the beneficiary for the entire specified periods except on the taxes assumed above. Inflation and fees are not taken into account. If they were, results would be lower.

[2]After-tax proceeds of RMDs from the IRA are invested in a taxable account. RMD rules applicable to an Inherited IRA will vary depending on many factors, including the age at death of the IRA owner and relationship of the beneficiary to the owner.

This hypothetical example is for illustrative purposes only and does not represent the performance of any security.

It's your inheritance. Know your options.

You have several options for transferring your inherited IRA assets, depending on your relationship to the original IRA owner. One main difference between these transfer options is the impact they may have on your RMDs. **Keep in mind that the less you withdraw, the longer your inherited assets can grow on a tax-deferred basis.**

SUMMARY OF OPTIONS FOR IRA BENEFICIARIES[3]

IF YOU ARE INHERITING AN IRA FROM:	THEN YOU CAN GENERALLY CHOOSE FROM THESE OPTIONS:[3]
YOUR SPOUSE	1. Treat the inherited IRA as your own by transferring the assets into your own new or existing IRA, and base both the timing and amount of RMDs on your own age. (Note: You may be subject to the 10% early withdrawal penalty if you take distributions that do not meet exceptions to the penalty.) 2. Transfer inherited IRA assets to an Inherited IRA Beneficiary Distribution Account (IRA-BDA) and begin taking distributions. (Note: You may have the option of delaying distributions until the year after your spouse would have turned age 70½ or the year after death, whichever is later.) You have the following distribution options: • Take a lump-sum distribution • Take distributions over a five-year period[4] • Take RMDs—see the RMD chart for IRA-BDAs on the facing page 3. Disclaim all or part of your assets within nine months of your spouse's death. (Note: You should be aware of the impact of such election before initiating.)
SOMEONE OTHER THAN YOUR SPOUSE	1. Transfer inherited IRA assets to an Inherited IRA Beneficiary Distribution Account (IRA-BDA) and begin taking distributions. You have the following distribution options: • Take a lump-sum distribution • Take distributions over a five-year period[4] • Take RMDs based on life expectancy—see the RMD chart for IRA-BDAs on the facing page 2. Disclaim all or part of your assets within nine months of the original owner's death. (Note: You should be aware of the impact of such election before initiating.)

A common misconception is that inherited IRAs must be fully distributed to the beneficiary(ies) within five years. While the five-year rule[4] may be applicable, you may also have the option of taking RMDs based on life expectancy.

The RMD rules for taking distributions from an IRA-BDA depend on several factors:

- The type of IRA you have inherited — Traditional (the rules of which generally also apply to SEPs, Rollovers and SIMPLEs) or Roth
- Your relationship to the original IRA owner
- Whether or not the original owner died before reaching his or her required beginning date (RBD)[5] for taking RMDs
- If you are a spouse beneficiary, whether or not you are the sole designated beneficiary
- The rules of the IRA Custodial Agreement

REQUIRED MINIMUM DISTRIBUTIONS		
BENEFICIARY RELATIONSHIP	PRE-RBD OPTIONS (ORIGINAL IRA OWNER DIES BEFORE RBD[5] FOR TAKING DISTRIBUTIONS)	POST-RBD OPTIONS (ORIGINAL IRA OWNER DIES ON OR AFTER RBD[5] FOR TAKING DISTRIBUTIONS)
SPOUSE* TRANSFERRING TO A **TRADITIONAL** IRA-BDA	• Take distributions over the course of your single life expectancy, redetermined annually. • If you are the sole beneficiary (or if separate accounting applies),[6] you can defer commencing distributions until the later of the end of the calendar year that the original owner would have reached age 70½, or the end of the calendar year following the calendar year of the original owner's death.	• Take distributions over the course of your single life expectancy, redetermined annually, or the remaining life expectancy of the original owner reduced by one for each subsequent year, whichever is longer.
SPOUSE* TRANSFERRING TO A **ROTH** IRA-BDA	• If sole beneficiary, take distributions over the course of your single life expectancy, redetermined annually, or the remaining life expectancy of the original owner reduced by one for each subsequent year, whichever is longer. • If you are not the sole beneficiary, take distributions over the course of the life expectancy of the oldest beneficiary reduced by one for each subsequent year.[6]	
NON-SPOUSE TRANSFERRING TO A **TRADITIONAL** IRA-BDA	• Take distributions over the course of your single life expectancy reduced by one for each subsequent year.[6]	• Take distributions over the course of your single life expectancy or the remaining single life expectancy of the original owner, whichever is longer, reduced by one for each subsequent year.[6]
NON-SPOUSE TRANSFERRING TO A **ROTH** IRA-BDA	• Take distributions over the course of your single life expectancy or the remaining single life expectancy of the original owner, whichever is longer, reduced by one for each subsequent year.[6]	

*A spouse beneficiary also has the option of rolling over the IRA to his or her own IRA, or treating the inherited IRA as his or her own IRA, and delaying distributions until he or she reaches age 70½.

Take advantage of a Premiere Select® IRA

When you transfer your inherited IRA assets to a Premiere Select IRA or Premiere Select IRA Beneficiary Distribution Account (IRA-BDA), you can:

- **Maximize your IRA investments**—A Premiere Select IRA-BDA offers convenience, choice, and flexibility. Your broker or advisor can help you select the appropriate investments from a vast array of share class alternatives of mutual funds, plus thousands of individual securities.
- **Designate successor beneficiaries**—You can potentially pass on the inherited IRA assets to the next generation and beyond.
- **Automate your withdrawals**—One of the easiest ways to ensure you're withdrawing the required amount from your inherited IRA is to take advantage of automatic periodic distributions. You can take advantage of flexible payment frequency options, and can direct the withdrawals to yourself, to your bank account, or into a nonretirement brokerage account.
- **Take "one-time" distributions**—As a supplement or instead of automatic periodic distributions, you can request a one-time distribution from your inherited IRA at any time.

There are specific IRS deadlines you may need to keep in mind, depending on your circumstances.

IMPORTANT DATES	
DEADLINE	IMPORTANCE OF DEADLINE
DECEMBER 31 OF THE YEAR OF THE ORIGINAL OWNER'S DEATH	If the original owner dies on or after his or her RBD[5] for taking RMDs, any remaining lifetime RMD for the year of death not already taken by the original owner must be taken by this date. All distributions taken after the date of death (including RMDs for the year of death of the original owner) must be paid to the beneficiaries and taxes must be reported under the beneficiaries' Social Security numbers/tax identification numbers.
NINE MONTHS AFTER THE DATE OF THE ORIGINAL OWNER'S DEATH	Last day by which the beneficiary can disclaim assets through a qualified disclaimer. (Note: You should be aware of the impact of such election before initiating.)
SEPTEMBER 30 OF THE YEAR FOLLOWING THE ORIGINAL OWNER'S DEATH	RMD Designated Beneficiary determination date—the date by which the beneficiaries are determined for the purposes of determining their RMD calculation options. Customers should consult a tax or legal advisor for more information.
OCTOBER 31 OF THE YEAR FOLLOWING THE ORIGINAL OWNER'S DEATH	Date by which the trustee must provide certain trust documentation (or certification) to the IRA provider (National Financial, for example) to be eligible for qualified trust status for RMD calculations.
DECEMBER 31 OF THE YEAR FOLLOWING THE ORIGINAL OWNER'S DEATH	Generally, the date by which inherited IRA owners must take their first required distribution (unless the five-year rule applies). For beneficiaries determined by the RMD Designated Beneficiary determination date, the date by which individual beneficiaries must establish separate accounts to use their own single life expectancy for RMD calculations.

It’s easy to get started.

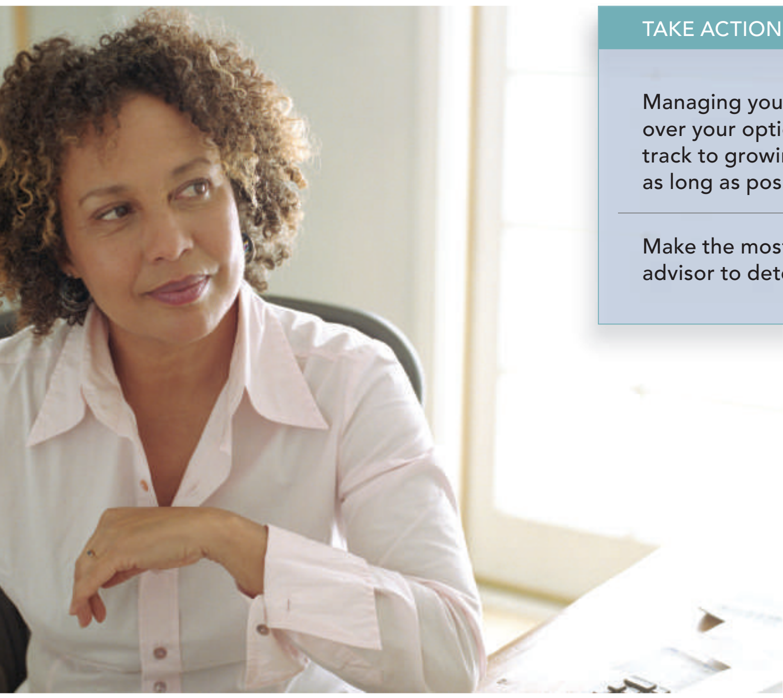
Your broker or advisor can help you transfer your inherited IRA assets in just three easy steps:

1 ESTABLISH A PREMIERE SELECT IRA (SPOUSE BENEFICIARY ONLY) OR AN IRA BENEFICIARY DISTRIBUTION ACCOUNT.

2 SET UP AN INVESTMENT STRATEGY AND GOALS FOR YOUR NEW ACCOUNT.

3 DISCUSS YOUR DISTRIBUTION REQUIREMENTS AND OPTIONS. YOU CAN:

- Take automatic periodic distributions to satisfy RMD rules
- Take automatic distributions of the earnings on the investments in your account
- Take a single one-time distribution at any time



TAKE ACTION.

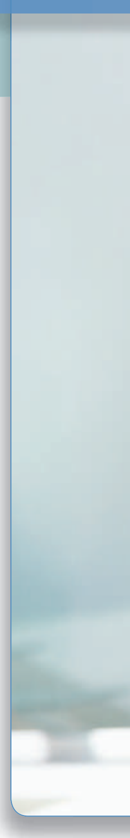
Managing your inheritance doesn’t have to be complicated. Talking over your options with your broker or advisor can put you on the right track to growing your inherited assets tax deferred, so they can last for as long as possible.

Make the most of your IRA inheritance. Work with your broker or advisor to determine which strategy is right for you.

Contributions cannot be made to inherited IRAs.

The beneficiary information in this brochure is applicable to individuals ONLY. If the beneficiary is a Trust, Entity, or Estate, different rules apply. Please consult with a tax or legal advisor for more information.

For more information about managing your IRA inheritance, please contact your investment representative.



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[3]The options summarized in the chart on page 4 reflect the IRS 2002 final regulations relating to IRA RMDs.

[4]The five-year rule for taking distributions from an inherited IRA applies ONLY if the original IRA owner died before reaching his or her RBD for taking RMDs.

[5]The required beginning date (RBD) for taking distributions is generally April 1 of the year following the year of attaining age 70½.

[6]Assumes that separate accounting applies; multiple beneficiaries who are determined by the RMD Designated Beneficiary determination date, generally September 30 of the year following the original owner's death, may use their own single life expectancy for RMD calculations. Separate accounts must be established by December 31 of the year following the original owner's death. For multiple beneficiaries who are not determined by the RMD Designated Beneficiary determination date and who do not establish separate accounts by December 31 of the year following the original owner's death, the single life expectancy of the oldest beneficiary must generally be used for RMD calculations. Customers should consult a tax or legal advisor for more information.

The information provided herein summarizes certain death distribution options under RMD regulations. The information provided herein is general in nature, is for informational purposes only, and should not be considered tax or legal advice. Always consult an attorney or tax professional regarding your specific legal or tax situation. Laws of a particular state may have an impact on the applicability, accuracy, or completeness of such information. Federal and state laws and regulations are complex and are subject to change. The information herein may be subject to change by future legislation or further interpretation and/or guidance of new provisions.

Please refer to the terms and conditions set forth in the Premiere Select® IRA Custodial Agreement and Disclosure Statement or the Roth IRA Custodial Agreement and Disclosure Statement as applicable. Additionally, distribution options available to beneficiaries may be limited by the governing plan agreement.

Your broker-dealer is an independent company and is not affiliated with National Financial Services LLC.

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