Traditional IRA/Roth IRA

Invest in your retirement today.

Saving for your retirement. Important in any market.

If you're planning for your future, an IRA can offer you more choices than ever before. You may be eligible to make tax-deductible contributions to your IRA. You can take advantage of greater flexibility to tap your IRA savings to finance other goals, such as a first-time home purchase. If you qualify, retirement assets may be distributed tax free with a Roth IRA.

This brochure introduces two important tools for building a retirement investment program—the Premiere Select® Traditional IRA and the Premiere Select Roth IRA. With two flexible IRA plans to choose from, you may find it difficult to decide which IRA strategy is right for you. Fortunately, you can call on the experience and training of your investment professional to help you sort out your options.

Why do I need an IRA?

For retirement investors, an IRA is hard to beat

An IRA offers a compelling combination of benefits: it's flexible; almost anyone who earns compensation can contribute; and, best of all, any earnings compound on a tax-deferred basis so they have a chance to grow over time.

With taxable accounts, you pay taxes on your earnings every year. Those tax payments can reduce the amount of money you may have to reinvest and may hamper the compounding process. As a result, your savings may grow more slowly. With a Traditional IRA, income taxes are deferred until you withdraw them, so you don't pay annual federal (and, in many cases, state) income taxes on your earnings. Whether your earnings grow tax deferred with a Traditional IRA or tax free with a Roth IRA, your retirement savings can enjoy the full benefit of tax-advantaged compounding.

Eligibility for the type of IRA to which you can contribute depends on your age and income level. You should also consider your personal circumstances before deciding which IRA strategy might work best for you. Your investment professional can help guide you in selecting the type of IRA that may help you reach your long-term financial goals.

Traditional IRA

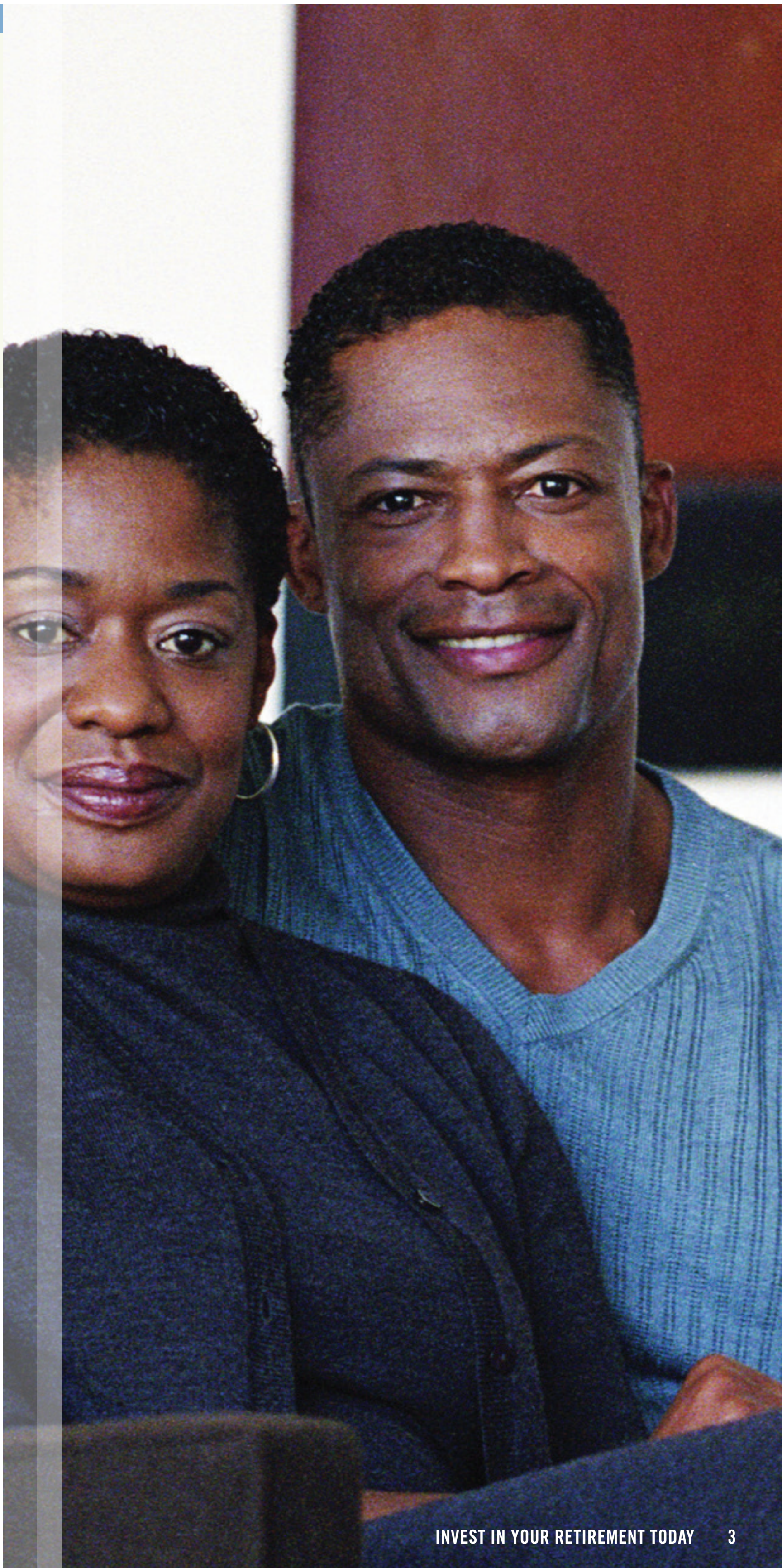
Annual contributions that you make to your Traditional IRA may be tax deductible, depending, in part, on your adjusted gross income (AGI) and your participation in an employer-sponsored retirement plan. Your earnings grow tax deferred, but you pay income taxes on your distributions, based on your income tax bracket and the tax rules in effect at the time of distribution.

A Traditional IRA offers you two different ways to retain more of what you earn. First, your annual contributions may be tax deductible if you meet certain requirements. Second, you don't pay taxes on your investment earnings until you withdraw them from your account.

Roth IRA

For a Roth IRA, you contribute assets that have already been taxed, and you may not owe federal (and, in many cases, state) income taxes on your earnings, provided you meet certain conditions. Your contributions are not tax deductible, and your AGI must be below certain limits in order to contribute.

If you're like most people, taking care of your loved ones is important. By contributing as much as you can to your IRA, you can help ensure your future financial security as well as theirs.



Who can contribute to a Traditional IRA?

You can contribute to a Traditional IRA so long as you fulfill two requirements: You must earn compensation and be younger than age 70½. Even if you are not eligible to make a tax-deductible contribution, you can still make nondeductible contributions and take advantage of tax-deferred compounding.

You (or your spouse) may also contribute to a Traditional IRA even if you don't earn compensation, so long as your spouse does. If you file a joint tax return and you earn less than your spouse, you may be able to contribute to your own separate IRA each tax year up to the limits described. As a married couple filing jointly, your total annual IRA contribution for one tax year cannot exceed twice the contribution amount permitted for an individual or 100% of your combined income, whichever is less.

Who can deduct contributions?

For some people, the greatest appeal of a Traditional IRA is a tax deduction for the current year on contributions, although not every taxpayer can take advantage of this feature. Refer to Exhibit 1 on page 5.

How much can you contribute to an IRA?

The annual amount that you may contribute to an IRA is the lesser of 100% of earned compensation or $5,500 for 2017 and 2018.

Catch-up contributions for IRA owners

IRA owners age 50 or older (as of December 31 of the tax year to which the contribution relates) are eligible to contribute an annual "catch-up" contribution each year in addition to their annual contributions. The annual catch-up contribution amount for 2017 and 2018 is $1,000.

For taxpayers who do not participate in employer-sponsored retirement plans:

- If you are an individual filer, you may fully deduct the maximum contributions allowed each year.
- If neither you nor your spouse participates in an employer-sponsored retirement plan, you may both fully deduct your annual contributions.

Are You a Plan Participant?

If you are uncertain as to whether you're a retirement plan participant, look at the pension plan box on the W-2 Form your employer sent you to see if it is checked.

For taxpayers who participate in employer-sponsored retirement plans:

- If you file your taxes as an individual and are an active participant in an employer-sponsored retirement plan, you may be eligible for a full or partial deduction, based on your AGI.
- If both you and your spouse are active participants in an employer-sponsored retirement plan, you may be eligible for a full or partial deduction, based on your joint AGI.
- If you are married, file a joint tax return, and are an active participant in an employer-sponsored retirement plan with a spouse who is not an active participant, deductible IRA contributions for the non-active spouse are phased out depending on your AGI. The spouse who is an active participant must determine the deductibility of annual contributions to a Traditional IRA, based on joint AGI.

Exhibit 1 on the next page illustrates tax years 2017 and 2018 income limits to help you determine whether a Traditional IRA contribution is deductible. Please consult a tax advisor or your investment professional for more information.

EXHIBIT 1: DEDUCTIBILITY OF TRADITIONAL IRA CONTRIBUTIONS

For taxpayers who participate in an employer-sponsored plan, the table below shows the AGI limits for determining the deductible amount of a Traditional IRA contribution.

TAX YEAR	FILING STATUS	FULLY DEDUCTIBLE	PARTIALLY DEDUCTIBLE	NOT DEDUCTIBLE
2017	Single	Up to $62,000	More than $62,000, but less than $72,000	$72,000 or more
	Married filing jointly	Up to $99,000	More than $99,000, but less than $119,000	$119,000 or more
	Married filing separately	N/A	Less than $10,000	$10,000 or more
2018	Single	$63,000	More than $63,000 but less than $73,000	$73,000 or more
	Married filing jointly	Up to $101,000	More than $101,000 but less than $121,000	$121,000 or more
	Married filing separately	N/A	Less than $10,000	$10,000 or more

For a taxpayer filing a joint return, who does not participate in an employer-sponsored plan but whose spouse does, the table below shows the AGI limits for determining the deductible amount of an IRA contribution.

TAX YEAR		FULLY DEDUCTIBLE	PARTIALLY DEDUCTIBLE	NOT DEDUCTIBLE
2017		Up to $186,000	More than $186,000, but less than $196,000	$196,000 or more
2018		Up to $189,000	More than $189,000, but less than $199,000	$199,000 or more

A valuable retirement planning tool

Distributions

The primary purpose of an IRA is to accumulate funds for retirement. For this reason, there are generally tax consequences to withdrawing assets before you reach age 59½. In addition to owing ordinary income on your withdrawal before age 59½, you may have to pay a 10% penalty on the taxable portion of your distribution. There are some exceptions to this rule, which allow distributions under certain circumstances for higher education expenses, a first-time home purchase, or other specified purposes, without paying a penalty. For more details, refer to Exhibit 3 on page 14.

A Traditional IRA requires you to begin taking distributions at age 70½, referred to as required minimum distributions (RMDs). The rules for computing annual RMDs can be quite complex, and mistakes can prove costly. If you leave any remaining IRA assets to your loved ones after you die—as specified by your beneficiary designation—or if there is no beneficiary designation, as specified by the provisions of the IRA Custodial Agreement, your beneficiary may be able to distribute remaining assets over his or her life expectancy. It's generally a good idea to speak with a tax professional about your circumstances before you begin taking distributions.

How do Roth IRAs work?

Tax-free earnings for life

A Roth IRA is different from a Traditional IRA. Unlike a Traditional IRA, contributions to a Roth IRA are not tax deductible. However, so long as you comply with certain conditions, earnings from a Roth IRA are not simply tax deferred—they may be tax free. Even though your contributions are made on an after-tax basis, you can keep everything you earn for your retirement.

Who can contribute to a Roth IRA?

You must earn compensation to contribute to a Roth IRA. But unlike a Traditional IRA, you may contribute to a Roth IRA even after you reach age 70½. You must, however, meet certain income limits in order to make annual contributions to a Roth IRA.

Distributions

Unlike a Traditional IRA, a Roth IRA does not mandate RMDs at age 70½. You can leave your assets in your account and continue enjoying the advantages of tax-free compounding throughout your lifetime. Qualified distributions from a Roth IRA are free from federal (and, in many cases, state) income taxes, although early withdrawals may be subject to both taxes and a 10% penalty. You'll find more information about IRA distribution rules in Exhibit 3 on page 14.

EXHIBIT 2: AGI ELIGIBILITY FOR ROTH IRA CONTRIBUTIONS

The table below shows the AGI limits for determining whether a client is eligible to make Roth IRA contributions.

TAX YEAR	FILING STATUS	FULLY ELIGIBLE	PARTIALLY ELIGIBLE	NOT ELIGIBLE
2017	Single	Less than $118,000	At least $118,000, but less than $133,000	$133,000 or more
	Married filing jointly	Less than $186,000	At least $186,000, but less than $196,000	$196,000 or more
	Married filing separately	N/A	Less than $10,000	$10,000 or more
2018	Single	Less than $121,000	At least $121,000, but less than $135,000	$135,000 or more
	Married filing jointly	Less than $189,000	At least $189,000, but less than $199,000	$199,000 or more
	Married filing separately	N/A	Less than $10,000	$10,000 or more

Which kind of IRA should I open?

Let's assume you have decided to open an IRA this year. Now the question is, which kind — Roth or Traditional? Your investment professional or tax advisor can help you analyze the relative advantages of each strategy. Before choosing, here are some questions to consider:

An IRA can help give you the financial freedom to live the life you want in retirement. Contact your investment professional to learn more about which type of IRA may work best for you.

1 How much will I earn this year?

If you do not meet the contribution income eligibility criteria noted in Exhibit 2 on page 6, you cannot contribute to a Roth IRA. Instead, consider a Traditional IRA. Even if your contributions are not tax deductible (see Exhibit 1 on page 5), you can still enjoy the significant advantage of tax-deferred earnings.

2 Can I deduct contributions to a Traditional IRA?

If you can reduce your current tax liability, a Traditional IRA may be more attractive. See the income eligibility rules in Exhibit 1 on page 5.

3 Which IRA is best if I expect to pay a lower tax rate in retirement?

A Traditional IRA may make more sense. However, if you expect your tax rate to be the same or higher in retirement, you may gain no benefit from deferring taxes. Consider a Roth IRA.

4 Does my retirement date make a difference?

Although future tax rates may be the biggest factor to consider, a Roth IRA may be a compelling choice for a young investor. If retirement is still a long way off, you have many years to earn a return on your investment. Tax-free compounding could make a more dramatic difference in your retirement savings than tax-deferred compounding in a Traditional IRA.

5 Must I comply with minimum distribution rules?

Traditional IRAs have minimum distribution requirements, which begin at age 70½. Roth IRAs do not — so you can leave some or all of your Roth IRA savings to grow and compound tax free for as long as you live.

6 What if I am concerned about building an estate for my heirs?

If you are, consider a Roth IRA. Roth IRAs have emerged as a powerful estate planning tool, both because they require no minimum distributions during your lifetime and because all qualified distributions are free from federal (and, in many cases, state) income taxes. With proper planning, a Roth IRA may help you save on taxes. Because distributions from a Roth IRA are generally free from federal (and, in some cases, state) income taxes upon the death of the account owner (depending on future tax rules), Roth IRA assets may be subject only to estate taxes. Very often, Traditional IRAs can be hit with both federal (and, in some cases, state) income and estate taxes upon the death of the account owner. In fact, under certain circumstances, your Roth IRA savings can grow tax free over both your lifetime and that of your heirs. Imagine the effect of compounding over such a long period of time. If this option appeals to you, remember that estate planning can be a complex task. You should consult your tax advisor or investment professional for help.

7 Can I contribute to both a Traditional IRA and a Roth IRA?

If you meet the eligibility requirements, you can contribute to both a Traditional IRA and a Roth IRA in the same tax year. However, the combined yearly contribution to all your IRAs (Traditional and Roth) cannot exceed the total that you are allowed to contribute to either a Traditional or Roth IRA or your total compensation, whichever is less.

8 What if I change my mind after I contribute to an IRA?

You can recharacterize an annual Roth IRA contribution to a Traditional IRA—and vice versa—so long as the recharacterization is made on or before your federal tax-filing deadline (including extensions) for the year for which the contribution was made to the initial IRA, typically April 15.

Adjusted gross income

Your annual income, as reported on your IRS Form 1040, is your total income minus a specific list of deductions, such as student loan interest payments, moving expenses, and so on.

The type of IRA you select can have long-term financial implications for you and your loved ones. Your tax advisor or investment professional can help you decide which IRA may best suit your needs — and help you toward greater long-term financial security.

CHOOSING AN IRA FOR YOUR CONTRIBUTION

Are you eligible to establish a Roth IRA? (See contribution eligibility rules in Exhibit 2 on page 6.)

YES

Are you eligible to deduct contributions to a Traditional IRA?

(Refer to Exhibit 1 for deductibility)

NO

Contribute to a Traditional IRA, where you'll enjoy tax-deferred earnings.

YES

Which is more beneficial to you—a potential tax deduction or tax-free growth?

NO

Contribute to a Roth IRA, which may provide higher after-tax growth for retirement.

TAX-FREE GROWTH

Contribute to a Roth IRA and enjoy tax-free earnings.

TAX DEDUCTION

Contribute to a tax-deductible Traditional IRA for current tax savings.

Should I convert to a Roth IRA?

Pay now or pay later

We've discussed your options for making annual IRA contributions. But what about the IRAs that you already own? Can you gain the advantages of a Roth IRA for assets you have already accumulated in another type of IRA?

The answer is yes, you can convert a Traditional IRA, rollover IRA, SEP-IRA, or SIMPLE IRA to a Roth IRA. You may convert all your IRA assets or only a portion. In addition, you can roll over assets from eligible retirement plans such as a 401(k), subject to the same rules that apply to conversions from a Traditional IRA into a Roth IRA (qualified rollover contribution).

Converting to a Roth IRA offers you all the familiar advantages. So long as you meet certain conditions, you pay no taxes on your earnings when you withdraw your savings. These tax advantages can substantially boost your retirement nest egg over the long run.

However, there are many considerations before converting, including the current-year income tax requirement. When converting IRA assets, you must pay taxes on your investment earnings to date. You must also pay taxes on any deductible contributions you have made. The conversion decision may come down to this—do you want to pay your tax liability now, when you convert, or pay later, when you withdraw?

SIMPLE IRA

SIMPLE IRA assets that are converted to a Roth IRA prior to the expiration of the two-year period (beginning on the date you first receive contributions under the SIMPLE IRA plan maintained by your employer) may be subject to a 25% penalty, in addition to the other tax considerations outlined.

CONVERSION

Converting an existing IRA to a Roth IRA: You may gain future tax advantages but incur current tax liability. Consult your investment professional for details.

Traditional IRA Aggregation Rules

If you made nondeductible and deductible contributions to your IRAs, you must aggregate the balances so that the amount converted consists of a prorated portion of taxable and nontaxable money.

Roth conversions are not limited to certain buckets of money, as both pretax and after-tax dollars can be converted to Roth IRAs. However, only the pretax money is taxed in the year of the conversion. This is an important factor for clients who have both pre- and after-tax money in their IRAs that are eligible for conversion, because aggregation rules apply. Aggregation rules mean that every IRA a client maintains is taken into account when determining the taxation; the IRS looks across all IRAs as though the taxpayer has one large IRA, even if there are multiple accounts across multiple firms.

Key questions to consider

Before converting an IRA, you may want to discuss your own specific situation with your tax advisor or investment professional. Here are some questions to consider first:

1 Did I deduct my past IRA contributions?

If you have deducted IRA contributions from your income in the past, you will need to include them in your income in the year you convert them to a Roth IRA. If your contributions were nondeductible, you will pay taxes only on your earnings when you convert to a Roth IRA.

2 Will I have to tap my IRA savings to pay the taxes on the conversion amount?

It is generally better to avoid using IRA assets to pay your taxes. If you do use these assets to pay taxes and you are younger than age 59½, you could find yourself paying a 10% early withdrawal penalty on those assets, in addition to any taxes you may owe. An alternative to converting all your IRA assets at once is to consider converting only a portion of your IRA holdings each year.

3 Will I be in a lower tax bracket when I retire?

Will your tax rate decrease when you stop working? Or do you think you'll be in the same or a higher tax bracket because, for example, the government may increase tax rates, or you may have substantial investment earnings or lucrative post-retirement income? Generally, if you think you will be at either the same tax rate or a higher tax rate in retirement, it might make sense to convert your IRA and pay your taxes now.

4 Am I concerned about building an estate for my heirs?

Roth IRAs have become increasingly popular as an estate planning tool. Qualified distributions from a Roth IRA are free from federal (and, in some cases, state) income taxes, even after the death of the account holder.

5 Once I convert to a Roth IRA, must I leave the assets alone for at least five years?

Yes, your distributions from a Roth IRA are tax free only if you meet certain five-year aging and other qualified distribution requirements. See Exhibit 3 on page 14 for more information on distributions from Roth IRAs. It probably does not make sense to convert an IRA if you think you may need to use the assets within the next five years.

Changing your mind

What if you change your mind after you convert assets to a Roth IRA? This could happen for several reasons, including if you discover that the conversion taxes took a bigger bite than you had expected.

Fortunately, the Tax Code offers you some flexibility. You can recharacterize a conversion to the original type of IRA, provided the recharacterization is made in a timely manner, which is on or before your tax-filing deadline, plus extensions, typically October 15 for the year in which the conversion is made.

There is even a provision that allows you to change your mind yet again. After you have recharacterized a converted amount, you may be able to reconvert it to a Roth IRA. You should consult a tax advisor to more fully understand the regulations and deadlines surrounding reconversions.

Recharacterization: Reversing a Roth IRA conversion or redirecting an annual contribution (Traditional or Roth) back to the original IRA — Traditional, Roth, rollover, SEP-IRA, or SIMPLE IRA

Reconversion: Converting an IRA that has already been converted and recharacterized once before

The Internal Revenue Code regulations give you a lot of flexibility to recharacterize your IRA contributions. However, the rules are complex. That's why it's probably best to consult your tax advisor or investment professional whenever considering recharacterizing or reconverting an IRA.

Converting to a Roth IRA

CONSIDERATIONS FOR CONVERTING FROM A TRADITIONAL IRA TO A ROTH IRA

Were your previous contributions tax deductible, or has your IRA already accumulated earnings?

- **YES** — Can you afford to pay taxes now to eliminate future taxes on IRA earnings?
- **NO** — Your tax liability may be low. Consider converting.

Can you afford to pay taxes now to eliminate future taxes on IRA earnings?

- **YES** — Do you expect your tax rate to be the same or higher in retirement?
- **NO** — If you want to avoid tapping IRA savings to pay conversion taxes, you may not want to convert.

Do you expect your tax rate to be the same or higher in retirement?

- **YES** — Are you interested in preserving an estate for your heirs, with the potential for little or no income tax liability to them?
- **NO** — You may not want to convert.

Are you interested in preserving an estate for your heirs, with the potential for little or no income tax liability to them?

- **YES** — Consider converting. Consult your tax or investment professional.
- **NO** — Will you need to use the savings within the next five years?

Will you need to use the savings within the next five years?

- **YES** — You may not want to convert.
- **NO** — Consider converting.

How will I withdraw my IRA savings?

EXHIBIT 3: DISTRIBUTIONS FROM ROTH AND TRADITIONAL IRAS	
PENALTY-FREE DISTRIBUTIONS	**Roth IRA and Traditional IRA** The 10% early withdrawal penalty will not apply to a distribution, so long as the distribution is for one of the following purposes: • Age 59½ • Qualified higher education expenses • Qualified first-time home purchase (up to $10,000 lifetime limit) • Certain substantially equal periodic payments • Certain medical expenses in excess of 10% (or 7.5% if account owner or his or her spouse was born before January 2, 1950) of AGI • Certain unemployment expenses • IRS levies • Qualified reservist* • Disability • Death
PENALTY-FREE AND TAX-FREE DISTRIBUTIONS	**Roth IRA** With a Roth IRA, you pay no penalty and no federal taxes on your distribution, so long as you have satisfied the five-year aging requirement (see page 15 of this brochure for details) and your distribution is for one of the following purposes: • Age 59½ • Qualified first-time home purchase (up to $10,000 lifetime limit) • Disability • Death **Roth IRA and Traditional IRA** • Qualified Health Savings Account (HSA) rollover†

*A qualified reservist distribution is made to an individual ordered or called to active duty for at least 180 days. Applies to distributions taken—and to individuals called to active duty—after September 11, 2001.

†A one-time irrevocable direct rollover to an HSA is limited to the HSA regular contribution limit for the year and cannot be deducted from income as an HSA contribution.

Avoid paying unexpected penalties

IRAs were designed primarily with your retirement in mind. They can also help you finance certain other goals, such as higher education expenses or a first-time home purchase. If you use IRAs as they were intended, you can avoid many needless headaches and expenses. However, if you take a distribution without considering the rules, you may find yourself owing unexpected taxes, a 10% early withdrawal penalty, or both.

Penalty-free distributions from a Roth IRA

Distributions from Roth IRAs are taken from the nontaxable portion of the assets first. Only when all original contributions have been distributed will any earnings be distributed (they may be subject to taxation). Annual contributions may be withdrawn from a Roth IRA at any time, tax free and penalty free. Exhibit 3 on page 14 offers a quick overview of some of the relevant restrictions.

Taxes on IRA distributions

All distributions from a Traditional IRA are taxed at your ordinary federal income tax rate, except for after-tax contributions. Qualified distributions from a Roth IRA are free of federal income taxes. Consult a tax professional about your specific situation.

Five-year aging requirement

To avoid taxes and penalties on a distribution from a Roth IRA, you must have satisfied the five-year aging rule. The five-year period begins on January 1 of the year for which you made your first Roth IRA annual contribution, or, if earlier, on January 1 of the year in which you made your first conversion contribution. All subsequent annual contributions receive this initial five-year aging date; however, each subsequent conversion receives its own five-year aging date for purposes of determining whether distributions are qualified distributions.

What are my next steps?

Whether you've decided to contribute to a Traditional IRA or a Roth IRA, convert an existing IRA, or transfer an IRA, the process is easy. Simply follow these steps:

STEP 1

For each new Premiere Select IRA—Traditional or Roth—complete and sign the Premiere Select IRA Application.

STEP 2

For a transfer, complete the Transfer of Assets form.

For the conversion of an existing IRA (but not a Roth IRA) to a Roth IRA, complete the Premiere Select Roth IRA Conversion form.

STEP 3

Once your application or transaction request form has been received by your investment professional, your request can be processed.

Contact your investment professional today to open a Traditional or Roth IRA, or to convert an existing IRA.

<Affix your broker-dealer member name and information here.>

The retirement planning/tax information contained herein is general in nature, is provided for informational purposes only, and should not be considered legal or tax advice. Laws of a particular state or laws that may be applicable to a particular situation 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. Consult an attorney or tax professional regarding your specific legal or tax situation.

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