

Comparing your IRA choices, 2012

Lifetime Retirement Planning with Wells Fargo Advisors

	Traditional Deductible	Traditional Non-Deductible	Roth
Tax benefits	Tax-deductible contributions and tax-deferred earnings	Tax-deferred earnings	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 2012 contributions are phased out for Modified Adjusted Gross Income (MAGI) of: • Single: \$110,000 - \$125,000 • Joint: \$173,000 - \$183,000 • Separate: \$0 - \$10,000
Deduction of contributions (2012 limits)	Individual and spouse not covered by plan at work - full deduction Individual with plan - deduction limits phased out by MAGI: • Single filer: \$58,000 - \$68,000 • Joint filer: \$92,000 - \$112,000 • Married filing separately: \$0 - \$10,000 Individual without plan/spouse with plan - deduction limits phased out for MAGI of: • Joint: \$173,000 - \$183,000	Contributions are not deductible	Contributions are not deductible
Annual contributions (2012 limits)	Lesser of 100% of earned income or \$5,000 (for each spouse). Aggregated with Roth IRA contributions. Catch-up contributions: IRA holders age 50 and older may contribute \$1,000 in excess of the basic annual contribution	Lesser of 100% of earned income or \$5,000 (for each spouse). Aggregated with Roth IRA contributions. Catch-up contributions: IRA holders age 50 and older may contribute \$1,000 in excess of the basic annual contribution	Lesser of 100% of earned income or \$5,000 (for each spouse). Aggregated with Traditional IRA contributions. Catch-up contributions: IRA holders age 50 and older may contribute \$1,000 in excess of the basic annual contribution
Rollover contributions and conversions	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 distributed from IRA.	Same as Traditional Deductible	Can convert from Traditional IRA, SEP IRA, or SIMPLE IRA (after two years). Eligible distribution from a qualified plan may be converted directly to a Roth IRA. Also, can roll over from another Roth IRA or Roth 401(k).
Mandatory distributions	Age 70½ or death	Same as Traditional Deductible	None during lifetime. Non-spouse beneficiaries should begin the year following the IRA owner's death if they want to take advantage of the stretch IRA strategy.
Taxes on distributions	Ordinary income. 10% penalty before age 59½ unless due to death, disability, Substantially Equal Periodic Payments (SEPP), eligible medical expenses, certain unemployed individuals' health insurance premiums, qualified first-time homebuyer (\$10,000 lifetime maximum), qualified higher education expenses, Roth conversions, qualified reservist, or IRS levy.	Each distribution partially taxable. Ordinary income on taxable portion. Distributions subject to same 10% penalty tax and exceptions as deductible IRA.	Qualified distributions from a Roth IRA are tax-free and penalty-free. Distributions of earnings are tax-free and penalty-free after five years and age 59½ or as a result of death, disability, or a qualified first time homebuyer exception. If earnings are taken earlier, they are subject to ordinary income tax and a 10% penalty, with the same exceptions to the penalty as a Traditional Deductible IRA.

Together we'll go far



IRA rollovers

When you change employers, are displaced from employment, or decide to retire, you are at a stage in life to make one of the most important financial decisions you've ever faced. What will you do with the money you've accumulated in your retirement plan? If you have a defined contribution plan and have been separated from service from your employer, you generally have four options for the assets in your former employer's plan:

- Roll assets into an IRA
- Leave assets in your former employer's plan
- Move assets into a new employer's plan
- Take a lump-sum distribution

Consider rolling over to an IRA with Wells Fargo Advisors. A rollover to an IRA will let you retain the tax-advantaged growth potential and avoid paying taxes until you begin taking distributions. Additional advantages of an IRA rollover to Wells Fargo Advisors include:

- A wide variety of investment choices with broad diversification opportunities
- Provides distribution flexibility and enhanced legacy distribution choices
- Professional guidance from a Financial Advisor with Wells Fargo Advisors

Roth conversion

Converting to a Roth IRA may help you maximize your tax-free wealth-building opportunities. The MAGI and tax filing status requirements have been eliminated, and all taxpayers are now eligible to convert to a Roth IRA. A Roth conversion of after-tax amounts will not be income taxable. Any pre-tax amount converted will be included in the IRA holder's gross income.

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.

Eligible rollover distributions from an employer sponsored retirement plan balance can be converted to a Roth IRA.

	Roth IRA	Inherited Roth IRA
Participant	<ul style="list-style-type: none">• Direct transfer• *60-day, indirect rollover	
Spouse	<ul style="list-style-type: none">• Direct transfer• *60-day, indirect rollover	<ul style="list-style-type: none">• Direct transfer
Nonspouse		<ul style="list-style-type: none">• Direct transfer

* You are not required to deposit the entire amount at one time. Instead, this rollover can be completed with multiple contributions within the 60-day period. An account owner is limited to one indirect rollover into a particular IRA every 365 days; this limit is applied separately to each IRA. The 365-day time limit begins when the IRA distribution is received, not when it is rolled over. If the 60th day falls on a weekend or legal holiday, the rollover must be completed no later than the last business day immediately prior to the weekend or holiday.

INVESTMENT AND INSURANCE PRODUCTS:

NOT FDIC INSURED	NO BANK GUARANTEE	MAY LOSE VALUE
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Beneficiary planning with retirement accounts

Retirement assets can make up a large portion of the wealth you accumulate, and IRAs can be an important vehicle for saving and distributing that wealth. Clear establishment of your IRA beneficiaries today could significantly increase income for them tomorrow, and allow your IRA to build wealth for generations to come.

A Financial Advisor at Wells Fargo Advisors can help you further understand beneficiary options and strategies associated with retirement assets. Key issues to discuss include:

- Can an IRA rollover potentially benefit you and your beneficiaries?
- What distribution options will be available to a spouse, non-spouse, and/or a charity, trust or estate beneficiary?
- What is the difference between standard beneficiary designations and per stirpes designations?
- Would an Inherited IRA be a tax-efficient strategy?
- How can the age of a beneficiary impact their distribution options?
- What important dates should a beneficiary consider?

Dates to remember

IRA Contributions

- Typically, April 15 is the last day to make your IRA contribution. When the due date for any act for tax purposes falls on a Saturday, Sunday, or legal holiday, the due date is delayed until the next business day.
- Individuals can direct that all or a portion of the federal income tax refund (up to the applicable limits) be paid directly to an IRA. IRS Form 8888 should be used to make the IRA contributions directly to your IRA.

Required Minimum Distributions (RMDs)

- For Traditional, SEP, and SIMPLE IRAs, owners begin taking distributions by April 1 the year following the year they turn 70½. After the initial required distribution, RMDs must be taken by December 31 of each year.
- Distributions for Inherited Traditional and/or Inherited Roth IRAs begin by December 31 the year following the death of the IRA owner.

We help you choose

To make a suitable 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.

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