




# Comparing your IRA choices, 2018

| Subject                           | Traditional IRA   | Roth IRA   |               |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
|-----------------------------------|---|--|---------------|-------------------------------|-------------------------------|----------------|-----------------|-----------------|------|---------------------|-----------------------|-----------------------|----------------|-------------------|--------------------|----------------|---------------|---------------|-------------------------------|-----------|-----------------|-----|------|-----------------------|----------------|---------|--------------------|---------------|------|--|
| <b>Tax benefits</b>               | <ul style="list-style-type: none"> <li>Tax-deferred earnings</li> <li>Contributions may be tax-deductible subject to Modified Adjusted Gross Income (MAGI) limits below</li> </ul>  | <ul style="list-style-type: none"> <li>Tax-advantaged earnings</li> <li>Tax-free qualified distributions<sup>1</sup></li> </ul>  |               |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| <b>Eligibility</b>                | <ul style="list-style-type: none"> <li>You can contribute if you are under age 70½ and have earned income</li> <li>Your non-working spouse under age 70½ is eligible, if you file a joint tax return</li> </ul> <p> <b>Did you know . . .</b><br/>You can make a non-deductible contribution to a Traditional IRA even if your income exceeds deduction limits?</p>  | <ul style="list-style-type: none"> <li>You can contribute at any age as long as you have earned income</li> <li>Your non-working spouse at any age is eligible, if you file a joint tax return</li> <li>Contributions are phased out based upon MAGI:</li> </ul> <table border="1"> <thead> <tr> <th>Single</th> <th>Married/joint</th> <th>Married/separate<sup>2</sup></th> <th>Contribution</th> </tr> </thead> <tbody> <tr> <td>Up to \$120,000</td> <td>Up to \$189,000</td> <td>N/A</td> <td>Full</td> </tr> <tr> <td>\$120,000 – \$135,000</td> <td>\$189,000 – \$199,000</td> <td>Up to \$10,000</td> <td>Partial</td> </tr> <tr> <td>Over \$135,000</td> <td>Over \$199,000</td> <td>Over \$10,000</td> <td>None</td> </tr> </tbody> </table> | Single        | Married/joint                 | Married/separate <sup>2</sup> | Contribution   | Up to \$120,000 | Up to \$189,000 | N/A  | Full                | \$120,000 – \$135,000 | \$189,000 – \$199,000 | Up to \$10,000 | Partial           | Over \$135,000     | Over \$199,000 | Over \$10,000 | None          |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| Single                            | Married/joint   | Married/separate <sup>2</sup>  | Contribution  |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| Up to \$120,000                   | Up to \$189,000   | N/A  | Full          |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| \$120,000 – \$135,000             | \$189,000 – \$199,000   | Up to \$10,000   | Partial       |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| Over \$135,000                    | Over \$199,000  | Over \$10,000  | None          |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| <b>Deduction of contributions</b> | <ul style="list-style-type: none"> <li>Full deduction if you and your spouse, if married, are not covered<sup>3</sup> by a workplace retirement plan (WRP), such as a 401(k), 403(b), SEP, or SIMPLE IRA, regardless of income</li> <li>If you and your spouse are covered<sup>3</sup> by a WRP, deductions are phased out based upon MAGI:</li> </ul> <table border="1"> <thead> <tr> <th>Single</th> <th>Married/joint</th> <th>Married/separate<sup>2</sup></th> <th>Deduction</th> </tr> </thead> <tbody> <tr> <td>Up to \$63,000</td> <td>Up to \$101,000</td> <td>N/A</td> <td>Full</td> </tr> <tr> <td>\$63,000 – \$73,000</td> <td>\$101,000 – \$121,000</td> <td>Up to \$10,000</td> <td>Partial</td> </tr> <tr> <td>\$73,000 and over</td> <td>\$121,000 and over</td> <td>Over \$10,000</td> <td>None</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>If your spouse is covered<sup>3</sup> by a WRP but you are not, deductions are phased out based upon MAGI:</li> </ul> <table border="1"> <thead> <tr> <th>Married/joint</th> <th>Married/separate<sup>2</sup></th> <th>Deduction</th> </tr> </thead> <tbody> <tr> <td>Up to \$189,000</td> <td>N/A</td> <td>Full</td> </tr> <tr> <td>\$189,000 – \$199,000</td> <td>Up to \$10,000</td> <td>Partial</td> </tr> <tr> <td>\$199,000 and over</td> <td>Over \$10,000</td> <td>None</td> </tr> </tbody> </table> | Single   | Married/joint | Married/separate <sup>2</sup> | Deduction                     | Up to \$63,000 | Up to \$101,000 | N/A             | Full | \$63,000 – \$73,000 | \$101,000 – \$121,000 | Up to \$10,000        | Partial        | \$73,000 and over | \$121,000 and over | Over \$10,000  | None          | Married/joint | Married/separate <sup>2</sup> | Deduction | Up to \$189,000 | N/A | Full | \$189,000 – \$199,000 | Up to \$10,000 | Partial | \$199,000 and over | Over \$10,000 | None | <ul style="list-style-type: none"> <li>Contributions are not deductible</li> </ul> <hr/> <p> <b>Open and/or contribute to an IRA by April 15, 2019<sup>4</sup>, for 2018 to increase your retirement savings and potential tax benefits</b></p> <hr/> <p> <b>You can make . . . contributions to your brokerage IRA online and using your mobile device.<sup>5</sup></b></p> |
| Single                            | Married/joint   | Married/separate <sup>2</sup>  | Deduction     |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| Up to \$63,000                    | Up to \$101,000   | N/A  | Full          |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| \$63,000 – \$73,000               | \$101,000 – \$121,000   | Up to \$10,000   | Partial       |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| \$73,000 and over                 | \$121,000 and over  | Over \$10,000  | None          |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| Married/joint                     | Married/separate <sup>2</sup>   | Deduction  |               |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| Up to \$189,000                   | N/A   | Full   |               |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| \$189,000 – \$199,000             | Up to \$10,000  | Partial  |               |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| \$199,000 and over                | Over \$10,000   | None   |               |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| <b>Contribution limits</b>        | <p>Lesser of 100% of earned income or \$5,500 (per individual if under age 50) or \$6,500 (per individual if age 50 or older within a particular tax year). Traditional and Roth IRA contributions are aggregated. April 15, 2019<sup>4</sup>, is the deadline for the 2018 tax year. Contributions must be made in cash, check, or money order. Contributions cannot be made in-kind, i.e., securities, property.</p>  |  |               |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |
| <b>Mandatory distributions</b>    | <ul style="list-style-type: none"> <li>Required minimum distributions (RMDs) begin by April 1 following the year you reach age 70½ and annually thereafter.</li> </ul>  | <ul style="list-style-type: none"> <li>None during your lifetime.</li> </ul>   |               |                               |                               |                |                 |                 |      |                     |                       |                       |                |                   |                    |                |               |               |                               |           |                 |     |      |                       |                |         |                    |               |      |  |

<sup>1</sup> Qualified distributions are tax- and penalty-free. Distributions are qualified after five years **and** age 59½ or as a result of your death, disability, or using the qualified first time homebuyer exception.

<sup>2</sup> Your filing status is considered single for IRA contribution purposes if you did not live with your spouse during the tax year.

<sup>3</sup> The “Retirement Plan” box in Box 13 of your W-2 tax form should be checked if you were covered by a WRP.

<sup>4</sup> For IRA owners in ME and MA, the deadline is April 16, 2019.

<sup>5</sup> You must have a Brokerage Cash Services account to use this feature. Online access is required. Talk to us about adding Brokerage Cash Services to your Wells Fargo Advisors IRA.

| Subject                       | Traditional IRA  | Roth IRA   |
|-------------------------------|--|--|
| <b>Taxes on distributions</b> | <ul style="list-style-type: none"> <li>• Before-tax contributions and any earnings are subject to ordinary income tax.</li> <li>• If you have before- and after-tax amounts in any of your Traditional, SEP, or SIMPLE IRAs, all distributions or conversions are taken on pro rata basis.</li> <li>• Distributions may be subject to a 10% IRS tax penalty unless an exception applies.</li> </ul>          | <ul style="list-style-type: none"> <li>• Contributions are always withdrawn tax-free.</li> <li>• Qualified distributions are tax- and penalty-free. Distributions are qualified after five years <b>and</b> age 59½ or as a result of your death, disability, or using the qualified first time homebuyer exception.</li> <li>• A non-qualified distribution may be subject to ordinary income tax and a 10% IRS tax penalty unless an exception applies.</li> </ul> |
| <b>Exception to penalty</b>   | Exceptions to the 10% IRS tax penalty are for distributions after reaching age 59½, death, disability, eligible medical expenses, certain unemployed individuals' health insurance premiums, qualified first-time homebuyer (\$10,000 lifetime maximum), qualified higher education expenses, Substantially Equal Periodic Payments (SEPP), Roth conversions, qualified reservist distribution, or IRS levy. |  |

## Retirement asset consolidation

Most investors have accumulated a number of retirement accounts over the years. To simplify your finances, consider consolidating your financial assets with one provider.

Combining retirement assets into an IRA at Wells Fargo Advisors can offer you the following:

- Ease in managing your investment strategy
- RMD simplification
- Effective beneficiary planning
- One monthly statement
- Potentially fewer fees

## Roth conversion

Converting to a Roth IRA may help you maximize your tax-free wealth-building opportunities. A conversion of after-tax amounts will not be income taxable. Any before-tax portion converted will be included in your gross income.

- You can convert your existing Traditional, SEP, and (after two years) SIMPLE IRAs by paying the ordinary income tax (but no penalty).
- Eligible rollover distributions from your employer-sponsored retirement plan can be converted to a Roth IRA.



## Beneficiary planning

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 will help ensure your assets are distributed as you wish, could significantly increase income for those beneficiaries tomorrow, and may possibly allow your IRA to build wealth for generations to come. It's important to review and update your beneficiaries every few years or after significant life events, such as a birth of a child or grandchild, a marriage or divorce, or the death of a beneficiary.



**Beneficiaries named in retirement accounts take precedence over instructions in a will or trust.**

## RMDs

Traditional, SEP, and SIMPLE IRA owners begin taking RMDs by your Required Beginning Date (RBD), which is generally April 1 following the year you turn age 70½, and annually thereafter.

Inherited Traditional and/or Inherited Roth IRA beneficiaries begin taking RMDs by December 31 of the year following the death of the IRA owner.

## We help you choose

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.

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