INVESTING FOR RETIREMENT THROUGH IRAs

Building a financial future for your retirement

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Retirement

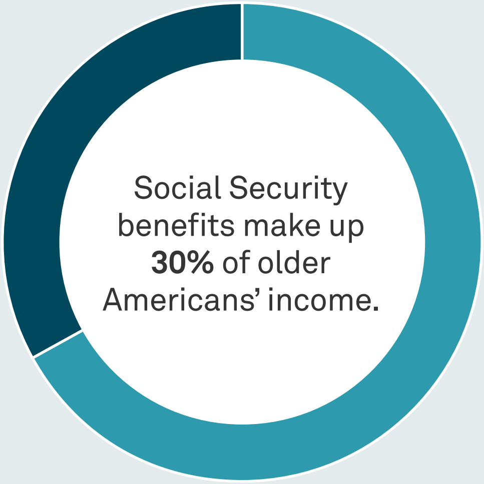
It's your ultimate reward for a lifetime of hard work.

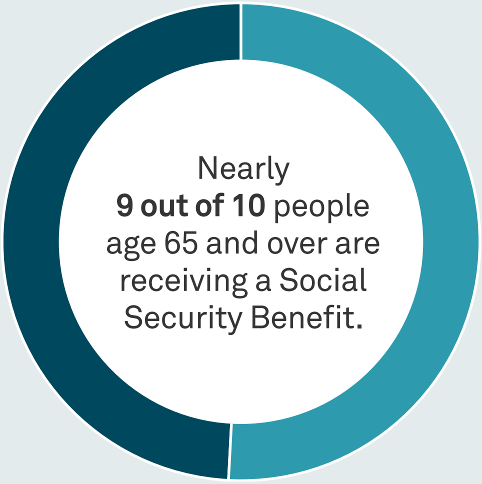
It's a time when you should have the financial freedom to truly enjoy yourself without worrying about the burdens of the day-to-day working world. Whatever your plans may be, you're going to need resources to finance your dreams of a comfortable retirement.

It's up to you.

Today, more than ever, it's up to you to fund your retirement. Your parents or grandparents may have been able to count on the government or an employer pension plan to make their retirement more secure. However, according to the Social Security Administration, Social Security benefits provide only 30% of older Americans' retirement income. And 9 out of 10 people age 65 and over are receiving a Social Security Benefit.[1]

Where will your retirement money come from?[1]



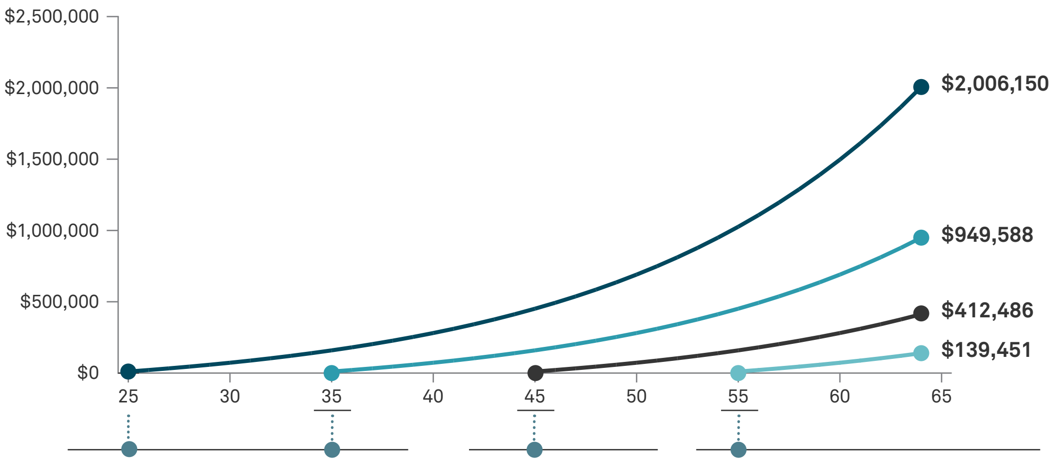


$1,975 The average monthly Social Security benefit to retired workers[2]

[1] Social Security Administration, Fact Sheet, 2025.

[2] Social Security Administration Fact Sheet, 2025 Social Security Changes.

The benefit of starting early



Clearly, starting early has its advantages, as shown for the 25- and 35-year-old investors. The 25-year-old invests a total of $400,000 over 40 years, but ends up with $2 million.

But even for the 45-year-old, compounding can be very effective.

And for the 55-year-old, while the effects of compounding are less dramatic, the disciplined savings regimen still adds up significantly.

For illustrative purposes only and does not represent the results of any investment. Assumes the investor contributes $10,000 every year for the number of years indicated and earns an average return of 7% in a balanced portfolio. It does not take into account volatility of returns or sequence of returns which could negatively or positively impact the hypothetical projection. All investments involve risk, including loss of principal. Certain investments involve greater or unique risks that should be considered along with the objectives, fees, and expenses before investing.

The earlier you start investing for your retirement...

...the more time your money will have the potential to grow.

And, with the power of tax deferral, it has the potential to grow even faster.

Why open an IRA?

There are many different products you could use to build wealth for retirement. You could invest in mutual funds, or buy stocks and bonds outside of an IRA. So why open an IRA? Because it is specifically designed for retirement savings and offers special tax advantages not typically available through other types of accounts, plus an IRA can hold stocks, bonds or any number of different investments under the plan.

The benefits of an IRA

With a traditional IRA, contributions may be tax-deductible, and your earnings and tax-deductible contributions are not taxed until withdrawn, providing the benefit of tax-deferred growth. A Roth IRA also provides for tax-deferred growth, and although contributions are not tax-deductible, contributions and earnings can be withdrawn tax-free if certain conditions are met.

Speak to your tax advisor to learn more.

Keep in mind

Of course, saving money in an IRA is not the only important component of an effective retirement-savings strategy. Investing in mutual funds and buying stocks outside of an IRA, and owning your own home, can help to build funds for retirement, too. But the tax advantages of IRAs shouldn't be ignored — they can be critical to building long-term assets.

PORTABILITY

If you're thinking that investing in an IRA will tie up your money in one place, don't worry.

IRAs are portable and can be rolled over to other plan types or institutions. If you change jobs, or retire, you can generally roll over or transfer your retirement plan money into a traditional rollover IRA, or can convert your retirement money into a Roth IRA.

CATCH-UP CONTRIBUTIONS

If you're close to retirement and think it's too late to benefit from an IRA, take another look.

Having only a few years of tax advantages can still make a difference. If you do not need to access your IRA money immediately, you may be able to let it grow for use later on. If you are age 50 or older, you can invest an additional $1,000 as a catch-up contribution each year.

Types of IRAs – the big picture

Both traditional and Roth IRAs have unique characteristics and can be utilized differently to assist you in your overall retirement plan. Below, you will find highlights of each type.

	CONTRIBUTION	ELIGIBILITY	REQUIRED DISTRIBUTION
Traditional IRA A traditional IRA works very simply. For 2025, if you (or your spouse) has earned income from working, you can contribute up to $7,000 annually (less any contributions made to a Roth IRA), and invest it in one or more investment options that you select. If you are a participant in an employer-sponsored retirement plan, whether some or all of your contributions are deductible depends upon your modified adjusted gross income (MAGI) for the year. Any account growth is tax-deferred until you take distributions in retirement, so it has the potential to grow faster than a taxable account. Distributions, except the portion of your distributions that represents non-deductible contributions, are taxed when you receive them.	• Up to $7,000 annually (less any contributions made to a Roth IRA). Annual contribution limits may be adjusted for inflation. • Individuals aged 50 and older can make a "catch-up" contribution. Eligible individuals are able to make an additional contribution of $1,000 per year.	• Assuming you (or your spouse) has earned income in the year, you can contribute for any year. • A non-working spouse is also eligible to contribute up to $7,000 in 2025, or $8,000 if age 50 or above, based on working spouse's income.	• If you were born prior to July 1, 1949, distributions had to begin by April 1 of the calendar year following the year you reached age 70½ and continue each year by December 31. If you were born on or after July 1, 1949 but before January 1, 1951, distributions must begin by April 1 of the calendar year following the year you reach age 72 and continue each year by December 31. If you were born on or after January 1, 1951 distributions must begin by April 1 of the calendar year following the calendar year you reach age 73 and continue each year by December 31.
Roth IRA A Roth IRA is similar to a traditional IRA in that you can invest up to $7,000 annually (less any contributions made to a traditional IRA), and enjoy tax-deferred growth on any earnings. But there are some important differences. While contributions are not tax-deductible, a Roth IRA gives you the benefit of tax-free withdrawals — even before retirement — as long as certain qualifications are met.	• Up to $7,000 annually (less any contributions made to a traditional IRA). Annual maximum contribution limits may be adjusted for inflation. • Individuals aged 50 and older may make a "catch-up" contribution. Eligible individuals are able to make an additional contribution of $1,000 per year.	• No age limit. • Individuals of any age with Modified Adjusted Gross Income ("MAGI") under $150,000 (single) or $236,000 (joint). • The maximum contribution limit is phased out for those individuals with MAGI between $150,000 and $165,000 (single) and between $236,000 and $246,000 (joint). • A non-working spouse is also eligible to contribute up to $7,000 in 2025, or $8,000 if age 50 or above. The same higher annual maximum contribution limits apply.	• Distributions not required during life of IRA owner (nor during the life of a spouse beneficiary who elects to treat Roth IRA as his/her own).
Rollover IRA A rollover IRA is a way to consolidate a variety of retirement plan assets into one account.	• Most (but not all) distributions from qualified employer plans may be rolled over to either a traditional and/or Roth IRA. The maximum rollover amount is dictated by what distribution amounts from the employer plan are considered to be "eligible rollover distributions."	• No age limit (required minimum distributions, however, may not be rolled over). • Rollover contributions may be made from other IRAs, qualified plan distributions, 403(b) accounts and certain 457(b) accounts. (Note: only governmental 457(b) accounts can be rolled over.)	• Distribution requirements vary depending on whether rollover contribution is made to a traditional IRA or a Roth IRA (see pertinent distribution requirements for both types of IRAs above).

TAX ADVANTAGES	CONTRIBUTION DEDUCTIBILITY	WITHDRAWAL RULES	ROLLOVERS AND TRANSFERS
• Investment growth is tax-deferred. • Contributions may be tax-deductible. • Taxes are neither paid on deductible contributions nor on earnings until money is withdrawn.	• Contributions are typically fully deductible if: – neither you nor your spouse is an active participant in an employer-sponsored retirement plan; – you are an active participant in an employer-sponsored retirement plan, and (subject to certain phaseout provisions) your MAGI in 2025 does not exceed $79,000 if you are single, or $126,000 if you are married filing jointly; or – your spouse, but not you, is an active participant in an employer-sponsored retirement plan, and (subject to certain phaseout provisions) your MAGI is $236,000 or less.	• Taxable amounts withdrawn prior to age 59½ may be subject to an additional 10% penalty tax. • Withdrawals can potentially be made penalty-free prior to age 59½ under these circumstances: – Certain unreimbursed medical expenses; – due to IRS levy; – qualified reservist distributions; – IRA owner's death or disability; – substantially equal periodic payments made over life expectancy; – timely removal of excess contributions; – purchase of health insurance while unemployed; – the purchase of a first home (up to $10,000); – for certain higher educational expenses; or – for the birth or adoption of a child (up to $5,000 per child) subject to certain requirements. • Taxes typically apply to all earnings and all pre-tax contribution amounts when withdrawn, which will reduce accumulated amounts.	• Rollover of a traditional IRA to a Roth IRA ("conversion") is permitted with no income limitations. • When a traditional IRA is converted to a Roth IRA, taxes must typically be paid on all pretax contributions amounts and all earnings converted. • Transfers and rollovers (within certain limits) to and from other traditional IRAs are generally permitted.
• Investment growth is tax-deferred and earnings can be withdrawn tax-free if the account has been open for at least five years and if certain requirements are met.	• Contributions are not tax-deductible.	• Withdrawals are tax-free if the account is open for at least five years and: – the withdrawals are made after the individual attains age 59½ or becomes disabled; – the withdrawals are made to purchase a first home (up to $10,000); or – the withdrawals are made to a beneficiary after the IRA owner's death. • Distributions that are not "qualified distributions" are includable in income to the extent attributable to earnings. For individuals under age 59½, a 10% early distribution penalty will typically apply to the taxable portion of the non-qualified distribution unless an exception applies.	• Rollover of a traditional IRA to a Roth IRA ("conversion") is permitted with no income limitations. • When a traditional IRA is converted to a Roth IRA, taxes must typically be paid on all pretax contribution amounts and earnings converted. • Transfers and rollovers (within certain limits) to and from other Roth IRAs are generally permitted.
• Tax advantages vary depending on type of rollover IRA: traditional IRA or Roth IRA (see specific tax advantages for both types of IRAs above).	• Rollover contributions are not tax-deductible.	• Withdrawal rules vary depending on type of rollover IRA: traditional IRA or Roth IRA (see specific withdrawal rules for both types of IRAs above).	• Rollover and transfer options vary depending on type of rollover IRA: traditional IRA or Roth IRA (see specific rollover and transfer options for both types of IRAs above).

Receiving Your Money

You always have access to the money in your IRA, but there may be certain restrictions, taxes and penalties applicable to withdrawals based on your age and the type of IRA you own.

Distributions before age 59½

If you withdraw money from a traditional IRA while you are under age 59½, you must generally pay income taxes on the money. You'll also be assessed a 10% federal penalty tax unless you meet certain criteria, as detailed in the table on pages 4–5. This penalty tax applies only to the taxable amount of the distribution, not to your non-deductible contributions.

If you withdraw money from a Roth IRA before age 59½, you must generally pay income taxes (and, potentially, a 10% early withdrawal penalty) on the earnings portion of the distribution, unless you have owned the account for at least five years and the distribution is due to your death, disability or a qualified first-time home purchase. As of 2020, penalty-free withdrawals also may be taken for the birth or adoption of a child, subject to certain requirements.

Distributions after age 59½

After you reach age 59½, you can take money out of a traditional IRA whenever you want, for any reason, without an early distribution penalty tax. However, you must generally pay ordinary income tax on any tax-deductible contributions you previously made, and on all accumulated earnings that are included in your distribution.

If you're age 59½ and you've owned a Roth IRA for at least five years, you can generally take withdrawals without incurring taxes or early withdrawal penalties. If you're age 59½ or older but have not owned a Roth IRA for at least five years, any earnings withdrawn will generally be subject to income taxes, but not to early withdrawal penalties.

CONVERTING TO A ROTH IRA

If you currently have retirement dollars invested in a traditional IRA or retirement plan, such as a 401(k), but want the benefits of a Roth IRA — including potential tax-free access to your money in the future — you may be eligible to convert some, or all, of your traditional IRA or retirement plan to a Roth IRA, but you will be required to pay tax on the amount converted in the year of conversion. Eligibility restrictions that previously existed have been removed and anyone with eligible retirement plan assets will generally be able to convert to a Roth IRA.

For more information on Roth IRA conversions, please consult with your tax and investment professionals.

Required minimum distributions

As with other tax-deferred retirement savings, you must take at least a required minimum distribution (RMD) from your traditional IRA or traditional rollover IRA each year, beginning at a certain age. (There is a 25% penalty tax on RMD amounts that are not distributed which can be reduced to 10% if the shortfall is corrected within 2 years.) The distributions must begin starting with the year you turn 73 (if you were born on or after January 1, 1951) or age 72 (if you were born on or after July 1, 1949 but before January 1, 1951) or they became required for age 70½ (if you were born earlier). The distribution for the RMD first year may be delayed until April 1 of the following year. The distribution for each year thereafter must be taken by December 31. If you wait until April 1 to take the first distribution, you will have to take two distributions in the same calendar year.

There are generally no required distributions from a Roth IRA during the life of the IRA owner.

LEARN MORE | For more information, please contact your financial professional.

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