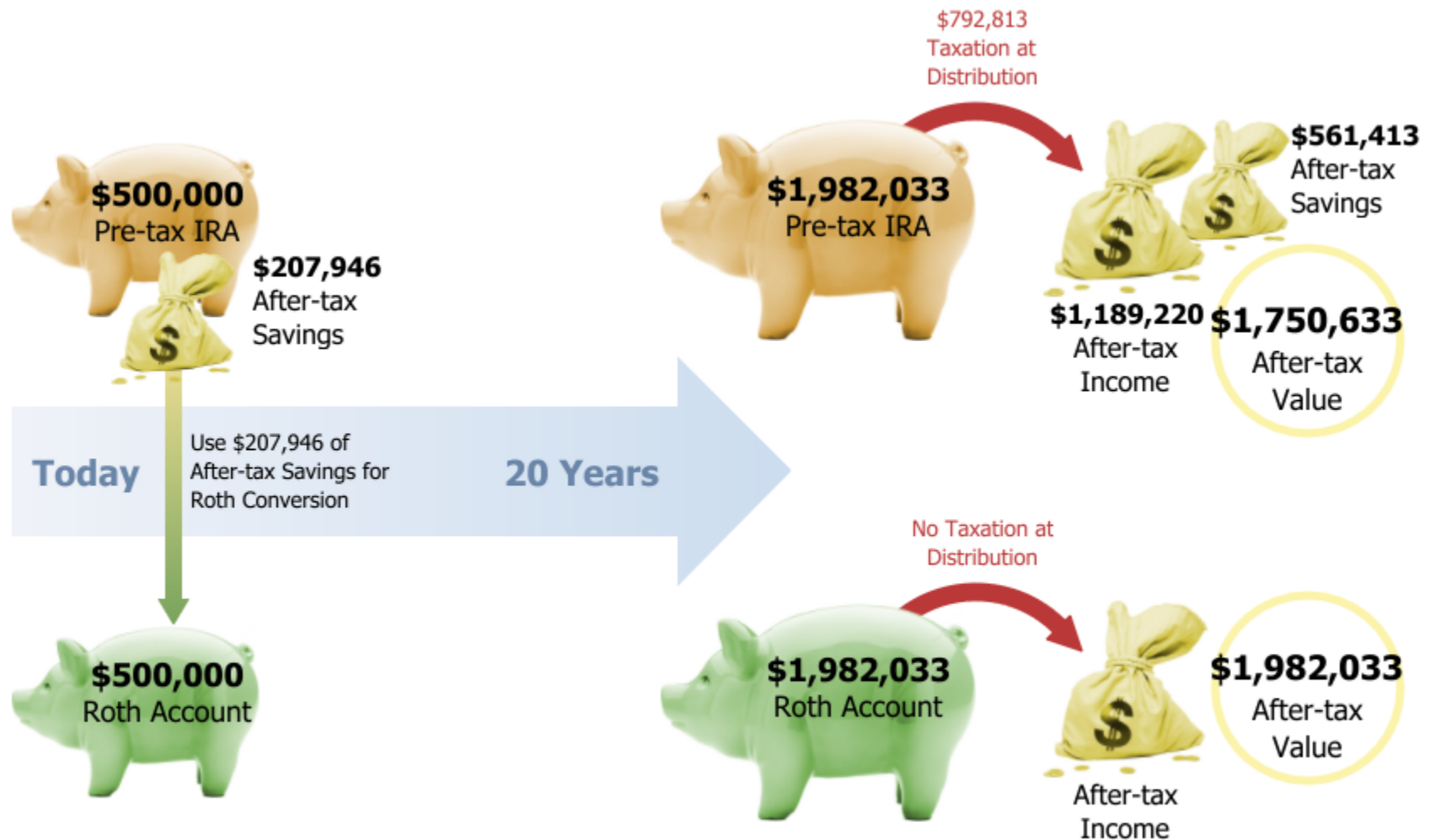


Roth Conversion Report

Prepared For Jane Doe
August 23, 2010



Values are hypothetical and for illustration purposes only. Actual values may (and most likely will) vary significantly from the illustrated values. Past performance is not a guarantee of future results. Illustrated interest rates and taxation are hypothetical. A Roth conversion may reduce or eliminate tax deductions and tax credits in the tax year that it occurs. The sale of certain securities must be accompanied or preceded by a prospectus. Mutual Fund and Variable Annuity account performance will fluctuate with market conditions. Products may have annual fees and expenses, not illustrated here, which have the effect of reducing performance. You should consult your Tax, Legal, or Financial Advisor before making any investment.

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Client Data

Conversion Options

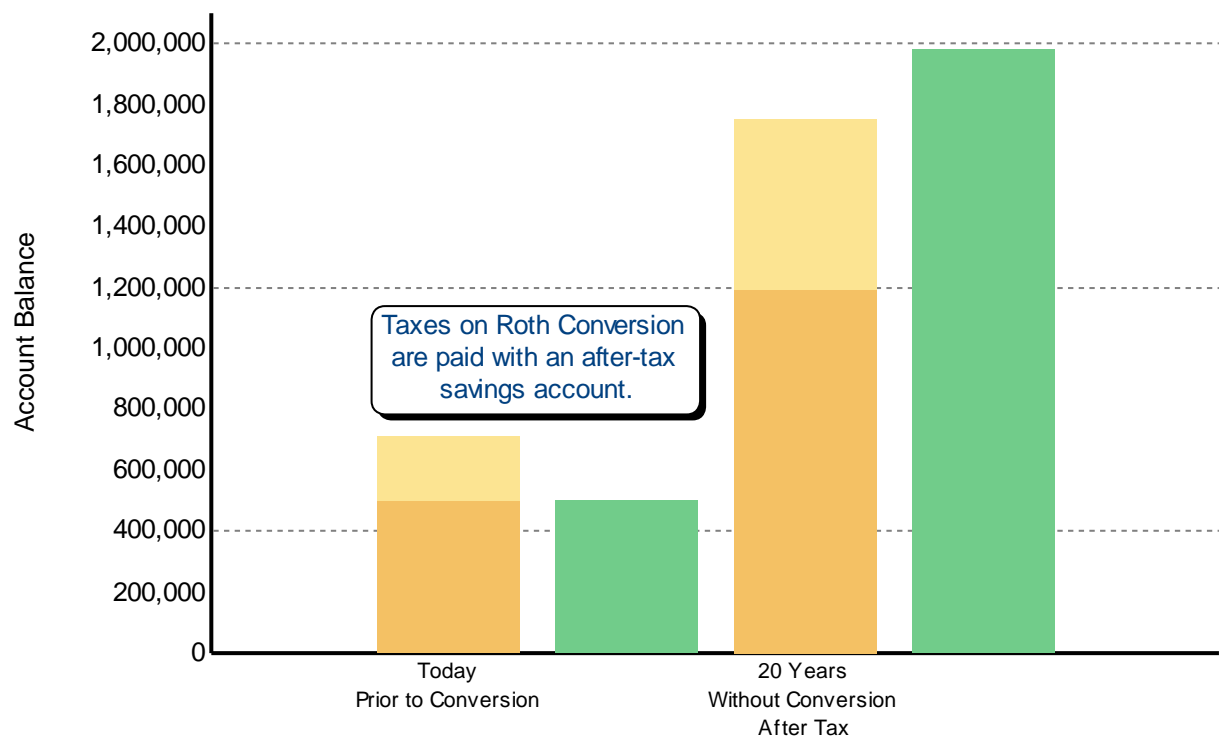
Amount for Roth Conversion: \$500,000
Non-deductible IRA balance: \$0
Number of years: 20

Federal and State Marginal Tax Bracket

Taxes paid by: Non qualified account
Federal tax table: 2010 Joint
Current calendar year
adjusted gross income (AGI): \$100,000
Marginal state tax bracket: 9 %
Marginal federal and state
tax bracket for distribution: 40 %

Rates of Return

Qualified plan rate of return: 7.00 %
Roth IRA rate of return: 7.00 %



Comparison of Options				
	Current Values		Hypothetical Future Values	
	Pre-Conversion	Converted Values	Non-Converted	Converted
IRA:	\$500,000	\$0	\$1,982,033	N/A
Non-qualified:	\$207,946	\$207,946	\$561,413	N/A
Taxation:	N/A	(\$207,946)	(\$792,813)	N/A
Roth:	N/A	\$500,000	N/A	\$1,982,033
Total account values:	\$707,946	\$500,000	\$1,750,633	\$1,982,033

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#1. Who qualifies for Roth conversion?

Starting in 2010, all tax payers. (Previously only those making less than \$100,000 of modified adjusted gross income were eligible).

#2. What is a Roth account?

With Roth accounts, the deposits are made after paying taxes on the contributions, but taxes are not paid on the potential gains if withdrawals are made after 59½ and held for at least 5 years. If the tax rates at the contribution and distribution of funds are the same, the after-tax income will be the same.

#3. Which qualified accounts can be converted?

Balances from pre-tax qualified plans (including 401(k), 403(b)s, 457s, IRAs, SEP IRAs, SIMPLE IRAs, etc.).

#4. Are there any limits to conversion?

There are no minimum or maximum limitations but conversion may increase a client's tax bracket, and reduce tax deductions and/or credits.

#5. Should a person convert to a Roth IRA?

It is a simple question without a simple answer. Generally the additional taxation for conversion should be paid for outside of the converted funds or other qualified plan money. Converting reduces future tax liability, reducing exposure to potential future tax increases. Other tax and estate issues should be taken into consideration when converting.

#6. What estate issues are affected by a Roth conversion?

Pre-tax qualified plans are required to Requirement Minimum Distributions (RMDs) starting the year the owner turns 70½, while Roth accounts do not have this requirement. Non-spouse beneficiaries are subject to tax-free RMDs. If income is not needed from an IRA, and a person's goal is to maximize the after-tax assets left to one's heirs, a Roth IRA should be considered. The income taxes paid at conversion will reduce the client's assets and therefore reduce the taxable value of the estate.

#7. Which is better—a pre-tax qualified plan or a Roth account?

Both account types play an essential part in retirement and estate planning. Similar to how product-diversification is used with investments, tax-diversification should be considered when considering Roth accounts. Roth distributions may be used to reduce taxation for a client if tax rates should increase.

#8. When can distributions be made?

Distributions for Roth conversion accounts can be made without penalty 5 years after the first day of the calendar year which the conversion was made. Otherwise a 10% penalty applies to the distribution. (Each conversion is subject to a 5 year waiting period).

#9. What if the value of the Roth IRA significantly changes after conversion?

If the value of the account increases, the taxes will be paid at the lower value. If the account value goes down before the [extended] due date of the tax return (generally April 15th, the account may be un-converted--technically termed "recharacterize"). Additional rules may apply.

#10. Can Congress change the rules?

Congress can always change the rules. (For example, adding a Value Added Tax may be implemented in lieu of income tax increases). Typically when changes are made, previous participants will be grandfathered in, but there are no guarantees.

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