2015 YEAR-END RETIREMENT ACTION PLAN

The end of the year is always a good time to assess your overall financial picture, especially your retirement plan. As the year comes to a close, use this action plan to ensure you make the most of your retirement savings for 2015.

FOR ALL TAXPAYERS

1. Review and Update your Plan

- Now is the time to set up an appointment with your Advisor for an annual review to make sure you are on track to meet your retirement goals. Our Customized Financial Analysis has a new Tracking Progress feature that can make keeping track of your plan easier than ever before. If you don't have one, ask your Advisor for a Customized Financial Analysis so you can evaluate your current financial situation and make sure you are on track to accomplish all your financial goals.

2. Maximize Retirement Contributions

- When it comes to saving for retirement, it's important to take advantage of all the opportunities that might be available to you. Consider the following:
  - **Employer Matching Contributions:** Don't lose out on the dollars your employer might add to your 401(k). If your employer matches a portion of your contributions to your 401(k) plan, make sure you contribute at least enough to capture 100% of your employer's match. Otherwise you are foregoing additional funds that can help you meet your goals.
  - **IRA Contributions:** Once you maximize your contributions to your employer's 401(k) or other retirement plan, consider establishing an IRA. Make your contribution as early as you can to take advantage of the benefits of tax-deferred compounding.
  - **Catch-Up Contributions:** Once you reach age 50, the IRS allows you to contribute more to your 401(k) and IRA. These 'catch-up' contributions can help if you started saving later in life or are falling short of your retirement goal.
  - **Prepare to Re-Set Your Contributions:** Maximum 401(k) and IRA contribution limits are occasionally increased by the Internal Revenue Service (IRS) to account for cost-of-living adjustments. Make sure you stay abreast of these changes so you can adjust your contributions to maximize your tax-deferred savings.
  - **Consider Other Tax-Deferred or Taxable Savings Options:** Once you have reached the maximum contribution levels for your IRA, 401(k) or other retirement plan, talk to your Advisor about other tax-deferred or taxable solutions that might be available.

LINDA WARD
EXECUTIVE DIRECTOR,
HEAD OF RETIREMENT &
PLANNING SOLUTIONS

Linda leads efforts to prepare and serve clients throughout their retirement journey.

3. Consider a Roth

- If you have a Traditional IRA and are beginning to think about expenses during retirement, now may be a good time to consider whether a conversion to a Roth IRA makes sense for you. Roth IRA conversions have become much more popular since the income limitations on their use were eliminated in 2010. However, you may be concerned about the immediate tax consequences that may result from the conversion. By taking the right approach, a Roth conversion may help you minimize taxes during retirement and diversify your retirement savings so that you have different components to draw from – taxable, tax-deferred and tax-free. Your Advisor can run a Roth Conversion Analysis to help you determine whether a Roth conversion is the right approach for you.

4. Think About Consolidating

- If you have multiple IRAs at various financial institutions, consolidating them into one IRA may help you organize your assets. Consolidation can also be helpful when you are reviewing your overall asset allocation and portfolio risk. Generally, there are two methods available to you when you are thinking about consolidation – a trustee-to-trustee transfer or a rollover. Effective January 1, 2015, the IRS allows you to make only one IRA-to-IRA rollover per 12-month period. This limit applies no matter how many IRAs you own or where you hold them. You can still complete an unlimited number of trustee-to-trustee transfers. Your Advisor and a tax professional should assist you in determining if consolidation makes sense given your specific circumstances and goals. If consolidation does make sense, they can guide you as to the best way to accomplish this.

Transfer versus Rollover

- A trustee-to-trustee transfer is a more common method of moving IRA assets from one IRA to another. With a transfer, you will complete transfer paperwork at the receiving firm and the assets are moved from firm to firm without you taking receipt of the assets. You can complete an unlimited number of trustee-to-trustee transfers each year.
- An IRA-to-IRA rollover occurs when you take receipt of your IRA assets and can use those assets for up to 60 days before they must be redeposited into the same IRA or another IRA. If re-deposited within 60 days, the distribution of assets will not be taxable or subject to penalty, as long as you haven't completed another IRA-to-IRA rollover in the last 12 months. You are required to roll over the same property that was distributed. For example, if you removed shares, you would have to roll over the same shares. If the shares were sold during the 60 days, the cash equivalent is not eligible to be rolled over. You can only complete one IRA-to-IRA rollover per 12-month period.
- An indirect rollover occurs when you are moving assets from an employer-sponsored retirement plan to an IRA. You can complete an unlimited number of indirect rollovers each year.

5. Reevaluate Retirement Asset Allocation

- Reviewing your asset allocation strategy for your retirement investments – including those held in your IRA and 401(k) – is an important step to ensure the allocation and risk level are aligned with your financial goals. Talk to your Advisor about reviewing your asset allocation to see if you need to rebalance your retirement portfolio.

6. Review your Beneficiaries

- Are the beneficiaries named on your IRA, 401(k), life insurance policies and other accounts up to date? If you've experienced a "life event" (such as marriage, divorce, the birth of a child or grandchild or the death of a spouse) take time now to complete this important step to ensure that your beneficiary designations are still consistent with your wishes. Be sure to speak with your tax advisor before making any beneficiary changes. Remember, the assets in these accounts go to the person(s) or entity(ies) you have designated as your beneficiary(ies) in your account forms (or to the "default" beneficiary(ies) specified in your account agreements, if you have no living designated beneficiaries at the time of your death), regardless of how you may dispose of your assets under your will. Your financial institution will need to honor the latest designation on file from you.

FOR TAXPAYERS AGE 70½ OR OLDER

Once you turn 70½, there are retirement planning steps and strategies that you should consider including:

1. Take Required Minimum Distributions

- If you have a Traditional IRA and/or employer-sponsored retirement plan*, you must begin to take your Required Minimum Distributions (RMD) on an annual basis once you turn 70½. You can defer receipt of your first RMD until April 1 of the year following attainment of age 70½. If you do this, you have to take two distributions that year — one for the prior year and one for the current year. If you have multiple IRAs, you can satisfy your RMD from any one or more of the IRAs. Because the penalties for not taking RMDs are steep (50% of the distribution not taken in a given year), you may want to talk with your Advisor about automating your RMDs. If you don't need the RMD for day-to-day living expenses, consider saving and reinvesting the RMD each year for future expenses or other financial goals. Before requesting an additional RMD, please remember to speak with your Advisor about any system-generated RMD you may already have set up because RMD payments cannot be returned if duplicated.
- **Beat the Rush.** For any distributions either required or desired to be taken by December 31, don't delay until the last minute and risk your distribution not being processed on time.

2. Consider Qualified Charitable Distributions

- As of November 2015, Congress had not extended a popular IRA provision that, in past years, allowed taxpayers older than 70½ to take tax-free distributions from their IRAs for charitable purposes. If this provision is extended or made permanent, you will be able to direct a specified amount of your RMD to public charities. The distribution will not be included in your adjusted gross income, but it will count towards satisfying your RMD requirement. To qualify, the funds will have to be distributed to the charity(ies) by December 31 and may not exceed $100,000. These distributions will be reported on Form 1099-R as "Normal" distributions. You should work with your tax advisor regarding how to report any distribution paid to a charity on your tax return. Any distribution taken before Congress acts cannot be reversed and directed to a charity.

3. Contribute to a Roth

- If you are still working, have earned income, and want to continue to accumulate additional assets for your retirement, you may be able to contribute to a Roth IRA if your Adjusted Gross Income is within the IRS limits. Roth IRA contributions are not tax deductible but qualified distributions will be tax-free upon meeting the criteria. Unlike a Traditional IRA, you do not have to take RMDs from a Roth IRA. Talk to your Advisor if you are interested in establishing and contributing to a Roth IRA.

* If you are still working for your employer and are not a 5% owner of the business, you do not have to begin taking RMDs from your employer-sponsored retirement plan until you stop working.

FOR THOSE WHO INHERIT RETIREMENT ASSETS

If you are the named beneficiary of another person's IRA, there are important rules you need to know about:

1. RMDs

- If you are a non-spouse beneficiary of an inherited Traditional or Roth IRA, you will have to take distributions (RMDs) from the IRA. In many cases, you may have the option of taking annual distributions over your life expectancy, which leaves funds in the IRA for as long as possible. To take advantage of this option (where available), you must take your first distribution by December 31 of the year following the original owner's death.
- If you are a spouse beneficiary you have an additional option available – you can roll the IRA over into your own name and treat it as your own. This may be a good option if you don't have an immediate need for your spouse's IRA assets and you want them to continue to grow on a tax-deferred basis. If you are under age 59½ and need access to your spouse's IRA assets, you may consider transferring the assets to an inherited IRA to avoid the 10% premature distribution penalty that is generally applied when someone takes IRA distributions before age 59½.
- The inherited IRA RMD rules are extremely complicated and depend on the facts of your particular situation. Whether you are a spouse or a non-spouse beneficiary of an inherited Traditional or Roth IRA, be sure to speak with a tax advisor before taking action.

2. Disclaim an IRA Inheritance

- If you are an IRA beneficiary and do not want to accept all or part of the IRA assets you may be entitled to, you can "disclaim" the assets and they will pass to other eligible beneficiaries. The beneficiary disclaiming the assets cannot direct who should receive those assets (i.e., you cannot direct the disposition of the assets you disclaim). A decision to disclaim must be made within nine months of the original IRA owner's death and before you receive any of the assets. This is an irrevocable decision and you should consult with a tax advisor or attorney before disclaiming IRA assets.

WHAT'S NEXT

It's always a good idea to check in with your Advisor regularly concerning your retirement plans. Whether you are planning to retire in the near future or many years from now, your Advisor can answer questions you may have regarding saving and investing or receiving distributions.