Premiere Select®
RETIREMENT SOLUTIONS

TRADITIONAL IRA/ROTH IRA

INVEST IN YOUR RETIREMENT TODAY

SAVING FOR YOUR RETIREMENT. IMPORTANT IN ANY MARKET.

If you're planning for your future, an IRA can offer you more choices than ever before. You may be eligible to make tax-deductible contributions to your IRA. You can take advantage of greater flexibility to tap your IRA savings to finance other goals, such as a first-time home purchase. If you qualify, retirement assets may be distributed tax free with a Roth IRA.

This brochure introduces two important tools for building a retirement investment program — the Premiere Select® Traditional IRA and the Premiere Select® Roth IRA. With two flexible IRA plans to choose from, you may find it difficult to decide which IRA strategy is right for you. Fortunately, you can call on the experience and training of your investment representative to help you sort out your options.

WHY DO I NEED AN IRA?

FOR RETIREMENT INVESTORS, AN IRA IS HARD TO BEAT

An IRA offers a compelling combination of benefits: it's flexible, almost anyone who earns compensation can contribute, and best of all, it shelters your savings from most current taxes so that they have a chance to grow over time.

With taxable investments, you pay taxes on your earnings every year. Those tax payments can reduce the amount of money you may have to reinvest and hamper the compounding process. As a result, your savings grow more slowly. With an IRA, you pay no annual federal (and, in many cases, state) income taxes on your earnings. Whether your earnings grow tax deferred with a Traditional IRA or tax free with a Roth IRA, your retirement savings can enjoy the full benefit of tax-advantaged compounding.

TRADITIONAL IRA

Annual contributions that you make to your IRA may be tax deductible, depending, in part, on your Adjusted Gross Income (AGI) and your participation in an employer-sponsored retirement plan. Your earnings grow tax deferred, but you pay income taxes on your distributions, based on your income tax bracket and tax rules in effect at the time of distribution.

ROTH IRA

You may not owe federal (and, in many cases, state) income taxes on your earnings, provided you meet certain conditions. However, your contributions are not tax deductible, and your AGI must be below certain limits in order to contribute.

TWO TAX BREAKS IN ONE RETIREMENT ACCOUNT

A Traditional IRA offers you two different ways to retain more of what you earn. First, your annual contributions may be tax deductible if you meet certain requirements. Second, you pay no taxes on your investment earnings until you withdraw them from your account.

If you're like most people, spending time with your loved ones is important. By contributing as much as you can to your IRA, you can help to ensure your future financial security as well as theirs.

WHO CAN CONTRIBUTE TO A TRADITIONAL IRA?

You can contribute to a Traditional IRA as long as you fulfill two requirements. You must earn compensation and be younger than age 70½. Even if your income is too high to qualify for a tax deduction, you can still make nondeductible contributions to a Traditional IRA and take advantage of tax-deferred compounding.

You (or your spouse) may also contribute to a Traditional IRA even if you don't earn compensation, as long as your spouse does. A Spousal IRA lets you contribute to your own separate IRA each tax year up to the limits described. As a married couple filing jointly, your total annual IRA contribution for one tax year cannot exceed twice the contribution amount permitted for an individual or 100% of your combined income, whichever is less.

WHO CAN DEDUCT CONTRIBUTIONS?

For some people, the greatest appeal of a Traditional IRA is a tax deduction for the current year on contributions, although not every taxpayer can take advantage of this feature. Refer to the charts on page 5.

HOW MUCH CAN YOU CONTRIBUTE TO AN IRA?

The annual amount that you may contribute to an IRA is \$5,000 for 2009 and 2010 (indexed thereafter for inflation in \$500 increments).

WHY DO I NEED AN IRA?

CATCH-UP CONTRIBUTIONS FOR IRA OWNERS

- IRA owners age 50 or older (as of December 31 of the tax year to which the contribution relates) are eligible to contribute an annual "catch-up contribution" each year in addition to their annual contributions. The annual catch-up contribution amount is $1,000.

FOR TAXPAYERS WHO ARE NOT COVERED BY EMPLOYER-SPONSORED RETIREMENT PLANS:

- If you are an individual filer, you may fully deduct the maximum contributions allowed each year.
- If neither you nor your spouse participates in an employer-sponsored retirement plan, you may both fully deduct your annual contributions.

FOR TAXPAYERS WHO PARTICIPATE IN EMPLOYER-SPONSORED RETIREMENT PLANS:

- If you file your taxes as an individual and are an active participant in an employer-sponsored retirement plan, you may be eligible for a full or partial deduction, based on your AGI.
- If both you and your spouse are active participants in an employer-sponsored retirement plan, you may be eligible for a full or partial deduction, based on your joint AGI.
- If you are married, file a joint tax return, and are an active participant in an employer-sponsored retirement plan with a spouse who is not an active participant, deductible IRA contributions for the non-active spouse are phased out depending on your AGI. The spouse who is an active participant must determine the deductibility of annual contributions to a Traditional IRA, based on your joint AGI.

The charts on the next page illustrates tax years 2009 and 2010 income limits for determining if an IRA contribution is deductible. Please consult a tax advisor or your investment professional for more information.

ARE YOU A PLAN PARTICIPANT?

If you are uncertain whether or not you're a retirement plan participant, look at the pension plan box on your W-2 Form to see if it is checked.

DEDUCTIBILITY OF IRA CONTRIBUTIONS

For taxpayers who participate in an employer-sponsored plan, the table below shows the **AGI limits** for determining the deductible amount of an IRA contribution.

TAX YEAR	FILING STATUS	FULLY DEDUCTIBLE	PARTIALLY DEDUCTIBLE	NOT DEDUCTIBLE
2009	Single	$55,000	$55,000–$65,000	$65,000
	Joint	$89,000	$89,000–$109,000	$109,000
2010	Single	$56,000	$56,000–$66,000	$66,000
	Joint	$89,000	$89,000–$109,000	$109,000

For a taxpayer filing a joint return, who does not participate in an employer-sponsored plan but whose spouse is an active participant in an employer-sponsored plan, the table below shows the AGI limits for determining the deductible amount of an IRA contribution.

TAX YEAR	FULLY DEDUCTIBLE	PARTIALLY DEDUCTIBLE	NOT DEDUCTIBLE
2009	$166,000	$166,000–$176,000	$176,000
2010	$167,000	$167,000–$177,000	$177,000

A VALUABLE RETIREMENT PLANNING TOOL

DISTRIBUTIONS

The primary purpose of an IRA is to accumulate funds for retirement. For that reason, there are generally serious consequences to withdrawing assets before you reach age 59½. In addition to taxes, you may have to pay a 10% penalty on the taxable portion of your distribution. There are some exceptions to this rule, which allow distributions under certain circumstances for higher education expenses, a first-time home purchase, or other specified purposes, without paying a penalty. For more details, refer to page 14.

A Traditional IRA requires you to begin taking distributions at age 70½. The rules for computing annual required minimum distributions can be quite complex, and mistakes can prove costly. If you don't have an immediate need for your IRA money, you may even leave it to your loved ones after you die; they generally may receive distributions over the period of time that is considered their life expectancy. Your choice of a beneficiary must be made carefully if you wish to take advantage of this option. It's generally a good idea to speak with a tax professional about your circumstances before you begin taking distributions or for advice on how to structure your beneficiary designations to take advantage of the prolonged payout features that are available to IRA owners.

The type of IRA you qualify for depends on your age and your income level. But, you must also consider your personal circumstances before deciding which IRA strategy may work best for you. Your investment representative can help guide you in selecting the type of IRA that may help you to reach your long-term financial goals.

HOW DO ROTH IRAS WORK?

TAX-FREE EARNINGS FOR LIFE

A Roth IRA is different than a Traditional IRA. Unlike a Traditional IRA, contributions to a Roth IRA are not tax deductible. However, as long as you comply with certain conditions, earnings from a Roth IRA are not simply tax deferred—they may be tax free. You can keep everything you earn for your retirement.

WHO CAN CONTRIBUTE TO A ROTH IRA?

You must earn compensation to contribute to a Roth IRA. But unlike a Traditional IRA, you may contribute to a Roth IRA even after you reach age 70½. You must, however, meet the income limits below in order to make annual contributions to a Roth IRA.

ELIGIBLE FOR MAXIMUM ROTH IRA CONTRIBUTION:

- Individuals with AGI less than $105,000 in 2009 and 2010
- Married couples filing jointly with AGI less than $166,000 in 2009 and $167,000 in 2010

The maximum annual contribution to a Roth IRA is phased out as follows:

- for individuals with an AGI in 2009 and 2010 between $105,000 and $120,000
- for married couples filing jointly with an AGI in 2009 between $166,000 and $176,000 and in 2010 between $167,000 and $177,000
- for married couples filing separately with an adjusted gross income between $0 and $10,000

DISTRIBUTIONS

Unlike a Traditional IRA, a Roth IRA does not call for required minimum distributions at age 70½. You can leave your assets in your account and continue enjoying the advantages of tax-free compounding throughout your lifetime. Qualified distributions from a Roth IRA are free from federal (and, in many cases, state) income taxes, although early withdrawals may be subject to both taxes and a 10% penalty. You'll find more information about IRA distribution rules on page 14 of this brochure.

An IRA can give you the financial freedom to enjoy the kind of life you want to live. Contact your investment representative to learn more about which type of IRA may work best for you.

CHOOSING AN IRA FOR YOUR CONTRIBUTION THIS YEAR

Let's assume you have decided to open an IRA this year. Now the question is, which kind—Roth or Traditional? Before choosing, here are some factors to consider:

1. HOW MUCH WILL I EARN THIS YEAR?

If you earn more than $120,000 in 2009 and 2010 in AGI as a single tax filer, or more than $176,000 in 2009 and $177,000 in 2010 as a married couple filing jointly, you cannot contribute to a Roth IRA. Instead, consider a Traditional IRA. You can still enjoy the significant advantage of tax-deferred earnings.

2. CAN I DEDUCT CONTRIBUTIONS TO A TRADITIONAL IRA?

If you can reduce your current tax liability, a Traditional IRA may be more attractive. Your investment representative or tax advisor can help you calculate the relative advantages of each strategy.

WHICH KIND OF IRA SHOULD I OPEN?

3. WHICH IRA IS BEST IF I EXPECT TO PAY A LOWER TAX RATE IN RETIREMENT?

A Traditional IRA may make more sense. However, if you expect your tax rate will be the same or higher in retirement, you may gain no benefit from deferring taxes. Consider a Roth IRA.

4. DOES MY RETIREMENT DATE MAKE A DIFFERENCE?

A Roth IRA may be a compelling choice for a young investor. If retirement is still a long way off, you have many years to earn a return on your investment. Tax-free compounding could make a dramatic difference in your retirement savings.

5. MUST I COMPLY WITH MINIMUM DISTRIBUTION RULES?

Traditional IRAs have minimum distribution requirements, which kick in at age 70½. However, with a Roth IRA, you can leave some or all of your Roth IRA savings to grow and compound tax free for as long as you live.

6. WHAT IF I AM CONCERNED ABOUT BUILDING AN ESTATE FOR MY HEIRS?

If so, consider a Roth IRA. Roth IRAs have emerged as powerful estate planning tools, both because they require no minimum distributions during your lifetime and because all qualified distributions are free from federal (and, in many cases, state) income taxes. With proper planning, a Roth IRA can help you significantly save on taxes. Because distributions from a Roth IRA are generally free from federal (and, in some cases, state) income taxes upon the death of the account owner, Roth IRA assets may only be subject to estate taxes. Very often, Traditional IRAs can be hit with both federal (and, in some cases, state) income and estate taxes upon the death of the account owner. In fact, under certain circumstances, your Roth IRA savings can grow tax free over both your lifetime and that of your heirs. Imagine the effect of compounding over such a long period of time. If this option appeals to you, remember that estate planning can be a complex task. You should consult with your tax advisor or investment representative for help.

7. CAN I CONTRIBUTE TO A ROTH IRA?

You can contribute to both a Traditional IRA and a Roth IRA in the same tax year. However, the combined yearly contribution to all of your IRAs (Traditional and Roth) cannot exceed the total that you are allowed to contribute to either a Traditional or Roth IRA, or your total compensation, whichever is less.

8. WHAT IF I CHANGE MY MIND AFTER I CONTRIBUTE TO AN IRA?

You can recharacterize an annual Roth IRA contribution to a Traditional IRA—or the other way around—as long as the recharacterization is made on or before your federal tax-filing deadline (including extensions) for the year for which the contribution was made to the "initial" IRA, typically April 15.

ADJUSTED GROSS INCOME:

Your annual income, as reported on your IRS Form 1040, is your total income minus a specific list of deductions, such as student loan interest payments, moving expenses, and so on.

The type of IRA you select can have long-term financial implications for you and your loved ones. Your tax advisor or investment representative can help you decide which IRA may best suit your needs — and provide you with greater long-term financial security.

CHOOSING AN IRA FOR YOUR CONTRIBUTION

Are you eligible to establish a tax-free Roth IRA?

- **Yes** — Are you eligible to deduct contributions to a Traditional IRA?
  - **Yes** — Tax Deduction / Tax-Free Growth (Refer to chart on page 5 for deductibility)
    - **Tax-Free Growth** — Contribute to a Roth IRA and enjoy tax-free earnings
    - **Tax Deduction** — Contribute to a tax-deductible Traditional IRA for immediate tax savings
  - **No** — Contribute to a Roth IRA that generally provides the highest after-tax growth for retirement
- **No** — Contribute to a Traditional IRA where you'll enjoy tax-deferred earnings

SHOULD I CONVERT TO A ROTH IRA?

PAY NOW OR PAY LATER

We've discussed your options for making annual IRA contributions. What about the IRAs that you already own? Can you gain the advantages of a Roth IRA for assets you have already accumulated in another type of IRA?

The answer is yes, you can convert a Traditional IRA, Rollover IRA, SEP-IRA, or SIMPLE IRA to a Roth IRA. You may convert all of your IRA assets or only a portion.

Converting to a Roth IRA offers you all the familiar advantages. As long as you meet certain conditions, you pay no taxes on your earnings when you withdraw your savings. Those tax advantages can substantially boost your retirement nest egg over the long run.

However, there is one serious requirement to consider before converting. When converting IRA assets, you must pay taxes on your investment earnings to date. You must also pay taxes on any deductible contributions you have made. The conversion decision may come down to this—do you want to pay your tax liability now, when you convert, or pay later, when you withdraw?

SIMPLE IRA

- SIMPLE IRA assets that are converted to a Roth IRA prior to the expiration of the two-year period (beginning on the date you first receive contributions under the SIMPLE IRA Plan maintained by your employer) may be subject to a 25% penalty.

CONVERSION

- Converting an existing IRA to a Roth IRA: You may gain future tax advantages but incur current tax liability. You must meet certain conditions to qualify.
- Consult your investment representative for details.

KEY QUESTIONS TO CONSIDER

Before converting an IRA, you may want to discuss your own specific situation with your tax advisor or your investment representative. Here are some questions to consider first:

1. DID I DEDUCT MY PAST IRA CONTRIBUTIONS?

If you deducted IRA contributions from your income in the past, you will need to include them in your income in the year you convert them to a Roth IRA. If your contributions were nondeductible, you will pay taxes only on your earnings when you convert to a Roth IRA.

2. WILL I HAVE TO TAP MY IRA SAVINGS TO PAY THE TAXES ON THE CONVERSION AMOUNT?

You should avoid using IRA assets to pay your taxes. If you do, and you are younger than age 59½, you could find yourself paying a 10% early withdrawal penalty on those assets, in addition to any taxes you may owe. The penalty alone might outweigh the benefit of conversion. If you can't afford to convert all of your IRA assets at once, consider converting only a portion of your IRA holdings each year (although you must meet the conversion qualifications each year).

3. WILL I BE IN A LOWER TAX BRACKET WHEN I RETIRE?

Will your tax rate decrease when you stop working? Or do you think you'll be in the same or a higher tax bracket because, for example, the government increased tax rates or you have substantial investment earnings or lucrative post-retirement income? Generally, if you think you will be at either the same tax rate or a higher tax rate in retirement, it might make sense to convert your IRA and pay your taxes now.

4. AM I CONCERNED ABOUT BUILDING AN ESTATE FOR MY HEIRS?

Roth IRAs have become increasingly popular as estate planning tools. Qualified distributions from a Roth IRA are free from federal (and, in some cases, state) income taxes, even after the death of the account holder.

5. ONCE I CONVERT TO A ROTH IRA, MUST I LEAVE THE ASSETS ALONE FOR AT LEAST FIVE YEARS?

Yes, your distributions from a Roth IRA are tax free only if you meet certain five-year aging and other qualified distribution requirements. See page 14 for more information on distributions from Roth IRAs. Don't convert an IRA if you think you may need to use the assets within the next five years.

CHANGING YOUR MIND

What if you change your mind after you convert assets to a Roth IRA? This could happen if you discover that the conversion taxes took a bigger bite than you expected.

Fortunately, the tax code offers you some flexibility. You can recharacterize a conversion back to the original type of IRA, provided the recharacterization is made on or before your tax-filing deadline, typically April 15 (including extensions) for the year in which the conversion is made.

There is even a provision to allow you to change your mind yet again. After you have recharacterized a converted amount, you may be able to reconvert it back to a Roth IRA. You should consult a tax advisor to more fully understand the regulations and deadlines surrounding reconversions.

RECHARACTERIZATION:

- Reversing a Roth IRA conversion or redirecting an annual contribution (Traditional or Roth) back to the original IRA—Traditional, Roth, Rollover, SEP-IRA, or SIMPLE IRA.

RECONVERSION:

- Converting an IRA that has already been converted and recharacterized once before.

The government gives you a lot of flexibility to recharacterize your IRA contributions. But the rules are complex. That's why it's best to consult your tax advisor or investment representative whenever considering recharacterizing or reconverting an IRA.

CONVERTING TO A ROTH IRA

CONVERTING TO A ROTH IRA

Here are some issues to consider in deciding whether to convert a Traditional IRA to a Roth IRA.

Were your prior contributions tax deductible, or has your IRA already accumulated earnings?

Yes

Can you afford to pay taxes now to eliminate future taxes on IRA earnings?

No

You may owe no taxes. Consider converting.

Yes

Do you expect your tax rate to be the same or higher in retirement?

No

You may not want to convert. Avoid tapping IRA savings to pay conversion taxes.

Yes

Are you interested in preserving an estate for your heirs?

No

You may not want to convert.

Yes

Consider converting. Consult your tax or investment representative.

No

Will you need to use the savings within the next five years?

Yes

You may not want to convert.

No

Consider converting.

HOW WILL I WITHDRAW MY IRA SAVINGS?

DISTRIBUTIONS FROM ROTH AND TRADITIONAL IRAS

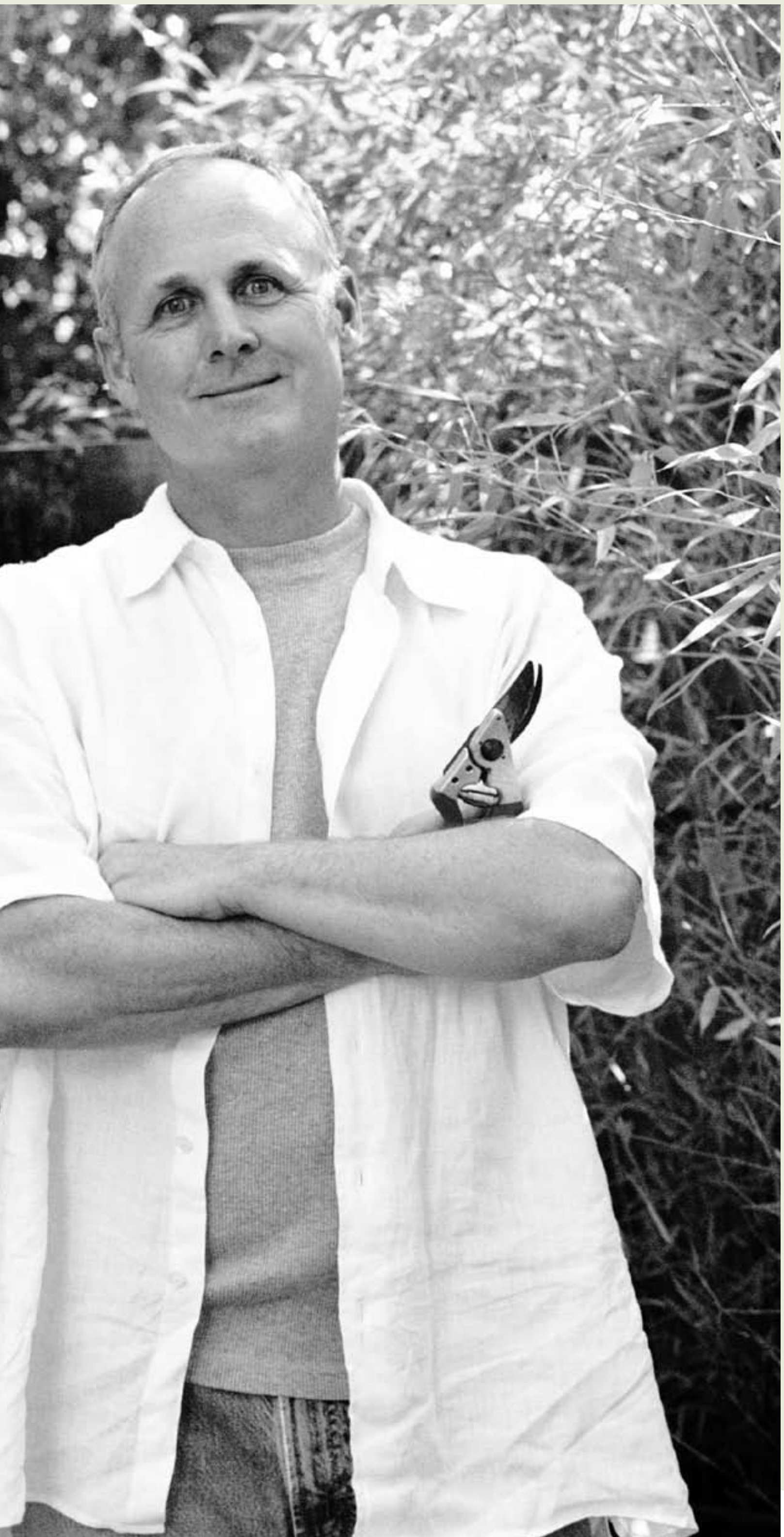
PENALTY-FREE DISTRIBUTIONS	ROTH IRA AND TRADITIONAL IRA
	The 10% early withdrawal penalty will not apply to a distribution, as long as the distribution is for one of the following purposes: ■ Age 59½ ■ Qualified higher education expenses ■ Qualified first-time home purchase (up to $10,000 lifetime limit) ■ Certain substantially equal periodic payments ■ Certain medical expenses in excess of 7.5% of Adjusted Gross Income ■ Certain unemployment expenses ■ Disability ■ Death ■ IRS levies ■ Qualified Reservist[1]
PENALTY-FREE AND TAX-FREE DISTRIBUTIONS	ROTH IRA ONLY
	With a Roth IRA, you pay no penalty and no federal taxes on your distribution as long as you have satisfied the five-year aging requirement (see page 15 of this brochure for details) and your distribution is for one of the following purposes: ■ Age 59½ ■ Qualified first-time home purchase (up to $10,000 lifetime limit) ■ Disability ■ Death
	ROTH IRA AND TRADITIONAL IRA
	■ Qualified HSA Rollover[2]

[1] A qualified reservist distribution is made to an individual ordered or called to active duty for a period of more than 179 days of the active duty or for an indefinite period after 9/11/01 and before 12/31/07.

[2] A one-time irrevocable direct rollover to an HSA is limited to the HSA regular contribution limit for the year and cannot be deducted from income as an HSA contribution.

AVOID PAYING UNEXPECTED PENALTIES

IRAs were designed primarily with your retirement in mind. They can also help you finance certain other goals, such as higher education expenses or a first-time home purchase. If you use IRAs as they were intended, you can avoid needless headaches and expenses. But if you take a distribution without considering the rules, you may find yourself owing unexpected taxes, a 10% early withdrawal penalty, or both.



PENALTY-FREE DISTRIBUTIONS FROM A ROTH IRA

Distributions from Roth IRAs are taken from the non-taxable portion of the Roth IRA assets first. Only when all original contributions have been distributed will any earnings be distributed (may be subject to taxation). Annual contributions may be withdrawn from a Roth IRA, at any time, tax free and penalty free. The table at left offers a quick overview of some of the relevant restrictions.

TAXES ON IRA DISTRIBUTIONS

All distributions, except after-tax contributions and Qualified Charitable Distributions, from a Traditional IRA are taxed at your ordinary federal income tax rate. Qualified distributions from a Roth IRA are free of federal income taxes. Consult a tax professional about your specific situation.

FIVE-YEAR AGING REQUIREMENT

To avoid taxes and penalties on a distribution from a Roth IRA, you must have owned the account for at least five years. The five-year period begins January 1 of the year for which you made your first Roth IRA annual contribution, or, if earlier, January 1 of the year in which you made your first conversion contribution. All subsequent annual contributions receive this initial five-year aging date; however, each subsequent conversion receives its own five-year aging date for purposes of determining if distributions are qualified distributions.

WHAT ARE MY NEXT STEPS?

Whether you've decided to contribute to a Traditional IRA or Roth IRA, convert an existing IRA, or transfer an IRA, the process is easy. Simply follow three steps.

THREE STEPS TO GET YOU STARTED

STEP 1

For each new Premiere Select® IRA—Traditional IRA or Roth IRA—complete and sign the Premiere Select® IRA Application.

STEP 2

For a transfer, complete the Transfer of Assets Form.

For the conversion of an existing IRA (but not a Roth IRA) to a Roth IRA, complete the Premiere Select® Roth IRA Conversion Form.

STEP 3

Once your application or transaction request form has been received, National Financial, working together with your investment representative, will process your request.

Contact your investment representative today to open a Traditional or Roth IRA—or to convert an existing IRA. It's a step you can take to help ensure your financial security down the road—and that of those you care most about.

<Affix your Broker/dealer member name and information here>

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