

IRA CHANGES FOR 2010

Required Minimum Distributions

Under the Worker, Retiree and Employer Recovery Act of 2008, Required Minimum Distributions (RMDs) from IRA accounts were suspended for 2009. Unless Congress acts to provide some relief, the RMD requirements are back in effect for 2010 and later years. As in the past, if you meet the requirements to take a distribution, we will calculate your RMD and work with you to facilitate making the distribution during 2010. If you have any questions or concerns, please call your portfolio manager.

Conversions to a Roth IRA

Effective January 1, 2010, the income limits that prevented many people from converting their traditional IRA or employer-sponsored retirement plan to a Roth IRA have been eliminated. Investors who convert from a traditional to a Roth IRA in 2010 will also have the option to recognize all of the income in 2010 or spread any resulting taxable income evenly over 2011 and 2012 (this option only exists for conversions in 2010).

Roth IRAs have a number of potential benefits, including tax-free growth and withdrawals as well as no minimum distribution requirements. The IRA conversion rules and tax calculations are quite complicated. We recommend that you consult your tax advisor about your individual situation to determine whether conversion to a Roth IRA makes sense for you.

If your tax advisor does recommend that you consider converting some or all of your existing IRA, let us know. We can work with you and your tax advisor to address any investment related issues and help make sure that the conversion goes as smoothly as possible. Although your assets may move to a new account, we will continue to follow your existing investment strategy to meet your financial objectives.

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