

Preface

An IRA is an asset accumulation and distribution program with special tax consideration. It has the following characteristics:

Deductible Contributions

Funding costs within prescribed limits are deductible from current taxable income. (Certain nondeductible contributions may be allowed.)

Tax Deferred Growth

Earnings are not subject to current income tax.

Taxation At Distribution

Income tax is assessed on plan distributions in excess of nondeductible contributions.

Form of Distribution

There are three: 1) lump sum; 2) payments from an annuity contract; and 3) withdrawal.

Distribution Requirements

Distributions should start between ages 59½ and age 70½. Any amounts distributed prior to age 59½ are "premature distributions" and are generally subject to an additional 10.00% penalty tax. If distributions commence after 70½, a 50% penalty tax is assessed

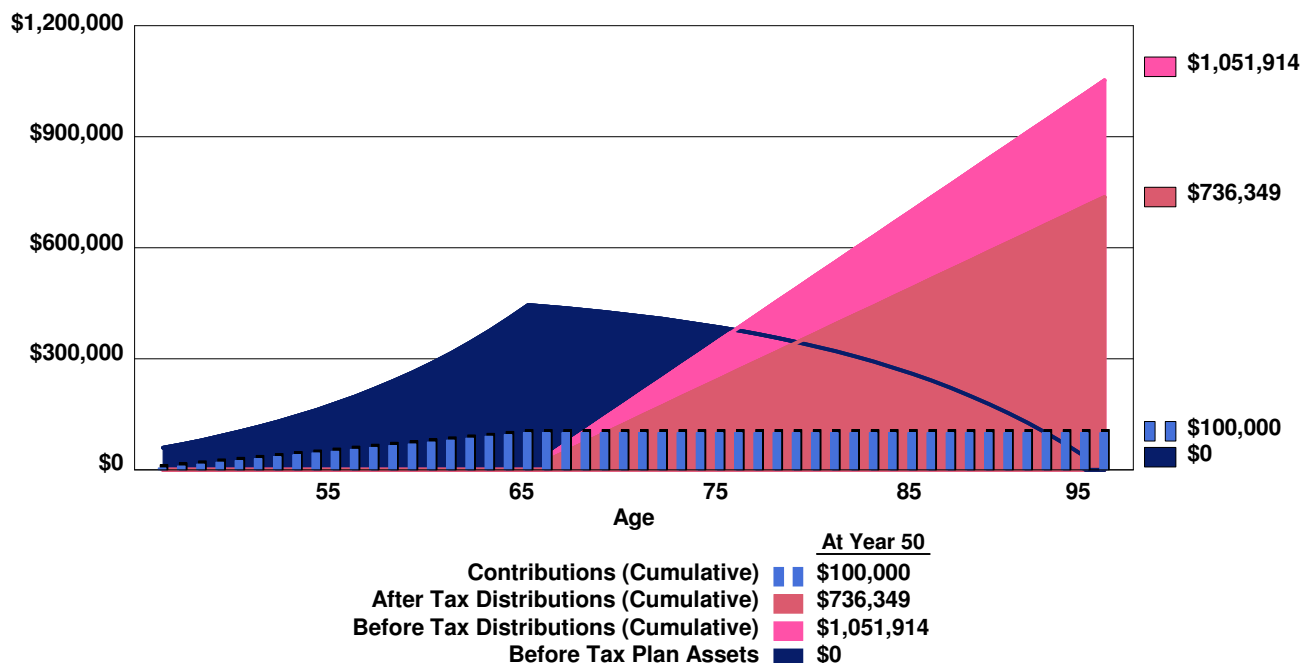
on the minimum amount that should have been distributed.

Required Minimum Distributions

Plan values divided by certain life expectancy factors establishes a minimum which must be distributed each calendar year. Life expectancy is based on either the age of the participant or the joint ages of the participant and a beneficiary. The participant may take more than the minimum at any time.

The required minimum distribution (RMD) is calculated using the Uniform Lifetime table. An exception is allowed if the beneficiary is the spouse and is more than ten years younger than the client. In these cases, the client can elect to use the actual joint table, which results in lower RMDs than the Uniform Lifetime table.

If a participant is willing to endure the many rules, regulations and potential penalties, an IRA can be virtually irresistible as a result of the dynamic combination of funding deductions and tax sheltered asset growth. The accompanying material should be helpful to you in analyzing the value of such a plan.



Note: All projections are based on client furnished data and assumptions.

An Individual Retirement Account (IRA)

Presented By: [Licensed user's name appears here]

For: Arthur Jones

Accumulation

		Initial Plan Assets 50,000	Plan Yield 7.50%		
Accumulation Year	Age	(1) Beginning of Year Balance in Plan Assets	(2) Contribution to the Plan	(3) Beginning of Year Plan Assets	(4) Year End Plan Assets
1	45	50,000	5,000	55,000	59,125
2	46	59,125	5,000	64,125	68,934
3	47	68,934	5,000	73,934	79,479
4	48	79,479	5,000	84,479	90,815
5	49	90,815	5,000	95,815	103,001
6	50	103,001	5,000	108,001	116,101
7	51	116,101	5,000	121,101	130,184
8	52	130,184	5,000	135,184	145,323
9	53	145,323	5,000	150,323	161,597
10	54	161,597	5,000	166,597	179,092
11	55	179,092	5,000	184,092	197,899
12	56	197,899	5,000	202,899	218,116
13	57	218,116	5,000	223,116	239,850
14	58	239,850	5,000	244,850	263,214
15	59	263,214	5,000	268,214	288,330
16	60	288,330	5,000	293,330	315,330
17	61	315,330	5,000	320,330	344,355
18	62	344,355	5,000	349,355	375,557
19	63	375,557	5,000	380,557	409,099
20	64	409,099	5,000	414,099	445,156

100,000

Plan results are hypothetical only. Actual results will vary due to changes in contributions and withdrawals, income tax brackets, and investment performance.

An Individual Retirement Account (IRA)

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Distribution

		Plan Yield 7.50%	Distribution Income Tax Bracket 30.00%			
Distribution Year	Age	(1) Beginning of Year Balance in Plan Assets	(2) Before Tax IRS Required Minimum Distribution*	(3) Before Tax Scheduled Distribution	(4) After Tax Income from Scheduled Distribution	(5) Year End Plan Assets
1	65	445,156	0	35,061	24,543	440,852
2	66	440,852	0	35,061	24,543	436,225
3	67	436,225	0	35,061	24,543	431,250
4	68	431,250	0	35,061	24,543	425,903
5	69	425,903	0	35,061	24,543	420,155
6	70	420,155	15,334	35,061	24,543	413,975
7	71	413,975	15,622	35,061	24,543	407,332
8	72	407,332	15,911	35,061	24,543	400,191
9	73	400,191	16,202	35,061	24,543	392,515
10	74	392,515	16,492	35,061	24,543	384,262
11	75	384,262	16,780	35,061	24,543	375,391
12	76	375,391	17,063	35,061	24,543	365,854
13	77	365,854	17,257	35,061	24,543	355,602
14	78	355,602	17,517	35,061	24,543	344,581
15	79	344,581	17,671	35,061	24,543	332,734
16	80	332,734	17,793	35,061	24,543	319,998
17	81	319,998	17,877	35,061	24,543	306,307
18	82	306,307	17,913	35,061	24,543	291,589
19	83	291,589	17,889	35,061	24,543	275,767
20	84	275,767	17,791	35,061	24,543	258,758
21	85	258,758	17,484	35,061	24,543	240,474
22	86	240,474	17,055	35,061	24,543	220,818
23	87	220,818	16,479	35,061	24,543	199,689
24	88	199,689	15,724	35,061	24,543	176,974
25	89	176,974	14,748	35,061	24,543	152,556
26	90	152,556	13,382	35,061	24,543	126,307
27	91	126,307	11,695	35,061	24,543	98,089
28	92	98,089	9,617	35,061	24,543	67,755
29	93	67,755	7,058	35,061	24,543	35,145
30	94	35,145	3,862	35,145	24,602	0
			382,216	1,051,914	736,349	

*Column (2) projects an estimate of the required minimum distribution based on the Uniform Lifetime table life expectancy factors, recalculated each year based on asset value and client age.

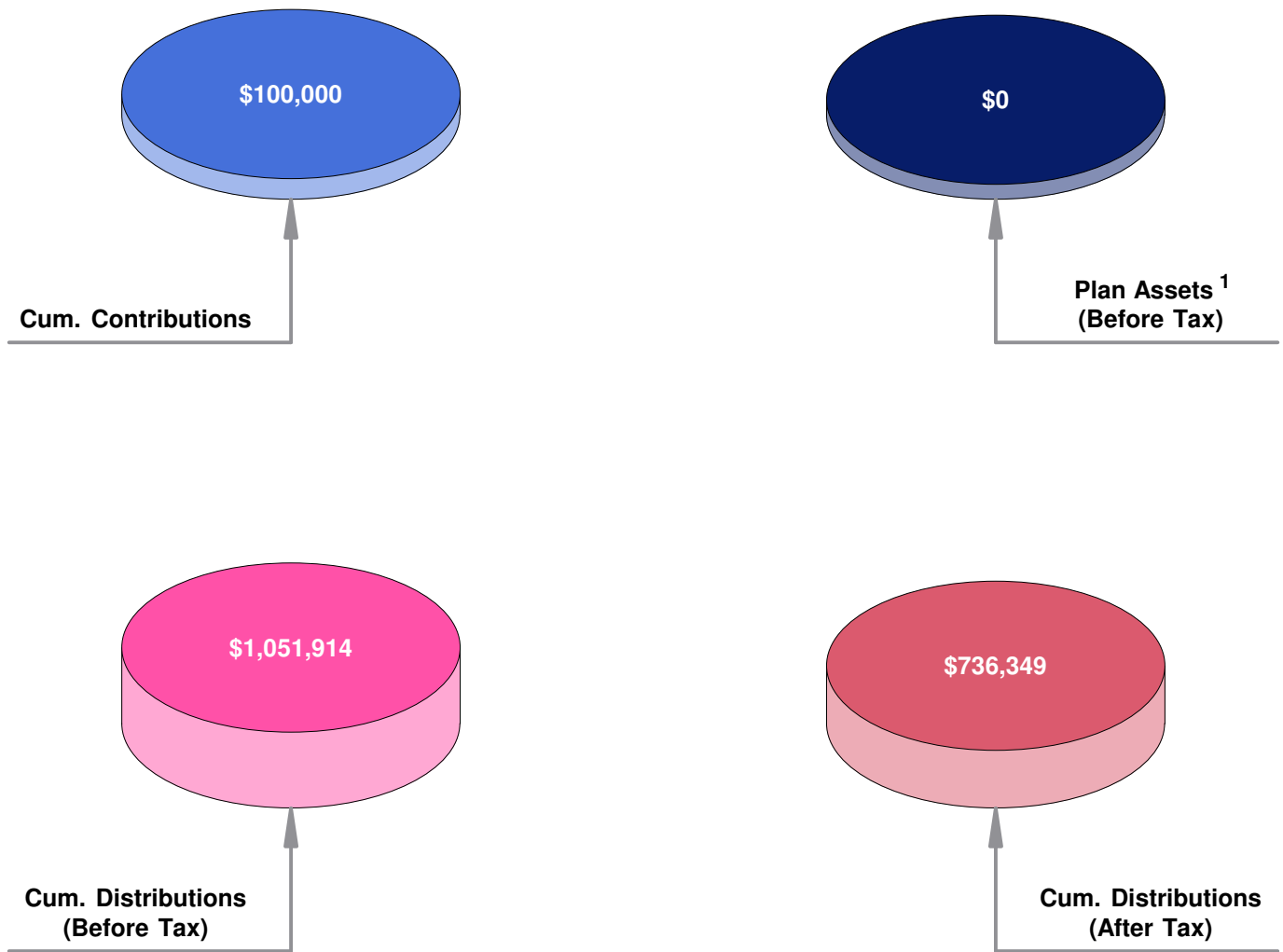
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An Individual Retirement Account (IRA)

Presented By: [Licensed user's name appears here]

For: Arthur Jones

A Look at Age 94



¹ Includes an assumed initial balance in the account of \$50,000.

Note: All projections are based on client furnished data and assumptions.

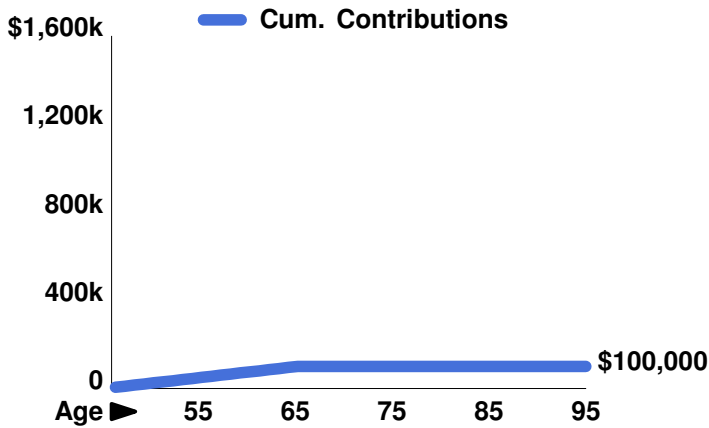
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Presented By: [Licensed user's name appears here]

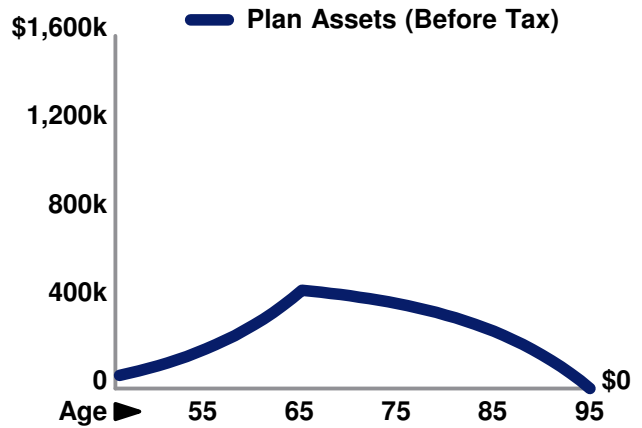
For: Arthur Jones

Accumulation and Distribution

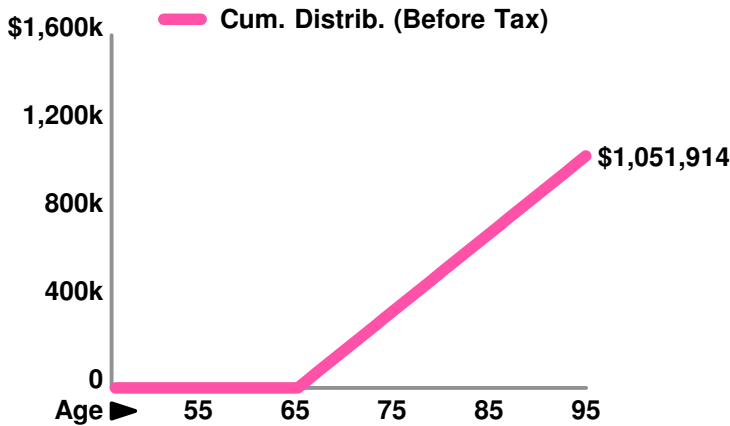
Cumulative Contributions



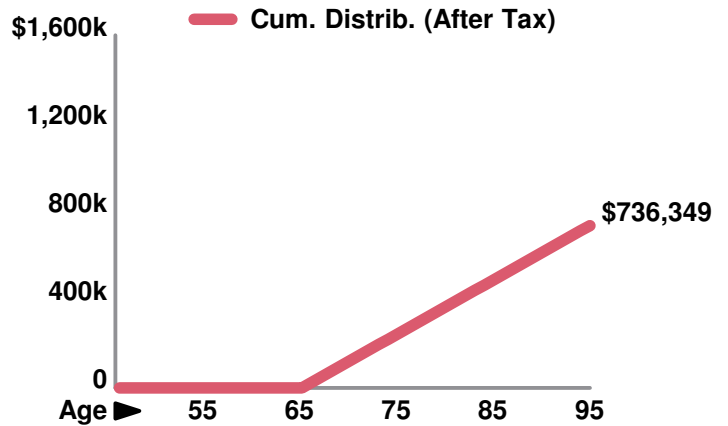
Plan Assets ¹
(Before Tax)



Cumulative Distributions
(Before Tax)



Cumulative Distributions
(After Tax)



¹ Includes an assumed initial balance in the account of \$50,000.

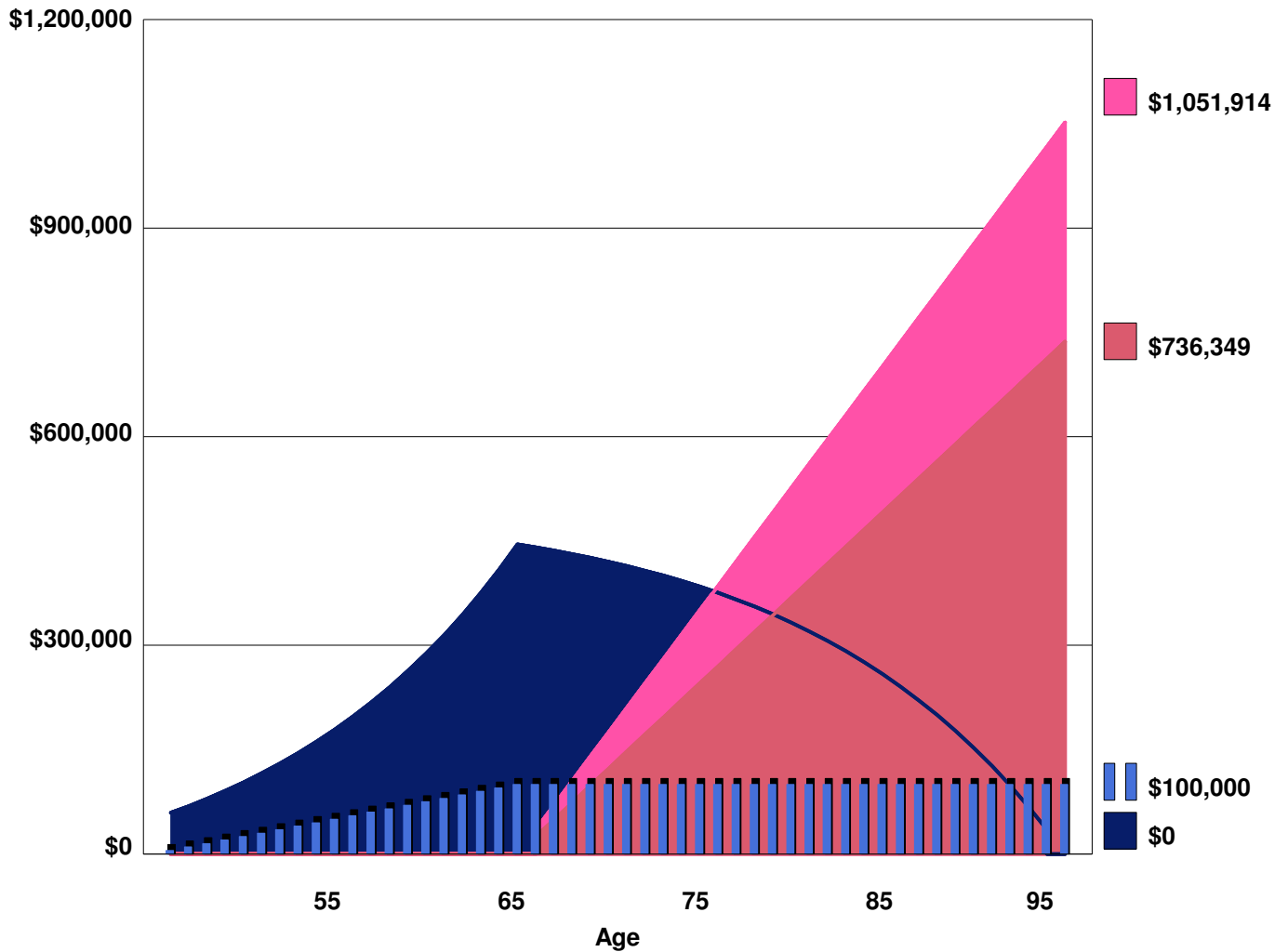
Note: All projections are based on client furnished data and assumptions.

An Individual Retirement Account (IRA)

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For: Arthur Jones

Accumulation and Distribution Summary



	<u>At Year 50</u>
Contributions (Cumulative)	\$100,000
After Tax Distributions (Cumulative)	\$736,349
Before Tax Distributions (Cumulative)	\$1,051,914
Before Tax Plan Assets ¹	\$0

¹ Includes an assumed initial balance in the account of \$50,000.

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