Roth IRA Quick Facts

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A **Roth Individual Retirement Account** (Roth IRA) helps you save for retirement by providing income-tax-free accumulation. Additionally, all withdrawals that are Qualified Distributions are income-tax free. You can participate even though you have a high adjusted gross income and your after-tax deposits can be withdrawn at anytime. Your Aviva Representative can work with you and your tax and legal advisors to help you determine your eligibility and whether a Roth IRA makes sense for your overall financial objectives.

Key Features:

- Deposits can grow income-tax free
- *Qualified* distributions are income-tax free for you and your beneficiaries
- Your *contributions* can be withdrawn income tax-free at any time
- You can make contributions even after age 70 ½
- You need not take Required Minimum Distributions while you're alive
- Your beneficiaries can stretch out payments over their life expectancies

Eligibility Requirements (2009 and 2010)

- If you are filing your tax return as a single individual:
    - You can make a full contribution if your Modified Adjusted Gross Income (MAGI) is under $105,000
    - You can make a partial, phased-out contribution if your MAGI is between $105,000 and $120,000
- If you and your spouse are filing a joint tax return:
    - You can make a full contribution if your MAGI is less than $166,000 ($167,000 for 2010)
    - You can make a partial, phased-out contribution if your MAGI is between $166,000 and $176,000 (For 2010: $167,000 to $177,000)

Special Roth IRA Conversion Rules (2010 tax year)

- Traditional IRAs and other plans (pension, profit sharing, 403(b), SEPs, SIMPLEs open more than 2 years) can be converted to a Roth IRA regardless of the participant's adjusted gross income
- Taxable amount converted in 2010 is reported one-half in 2011, and one-half in 2012, unless the participant elects to report all income in 2010.
- Withdrawals of converted amounts during the first 5 years after conversion are subject to 10% penalty unless an exception applies (e.g., over age 59 ½, disabled)

Qualified Distribution Requirements

- Distributions/withdrawals are income tax and penalty free if:
  - Your Roth IRA account has been open for 5 years,
  - AND, one of the following applies:
    - You are age 59 ½ or older
    - You are disabled
    - You are deceased
    - You are using your withdrawal for first time purchase of a home ($10,000 lifetime limit)

Contribution Limits (2009 and 2010 tax year)

- Lesser of $5,000 or 100% of earned income
- If you are age 50 and older you may contribute an additional $1,000
- Your contributions to your Roth account are not income tax deductible

Contribution Deadline

- Your tax-filing due date, excluding extensions, is generally April 15th
- Extensions may be granted for members of the Armed Forces
- If you are a farmer or fisherman your contribution deadline may be March 1st (check with your tax advisor)

Your Withdrawals:

- Are subject to a 10% penalty on earnings (not contributions), unless:
  - You are over age 59 ½
  - You are disabled
  - Your distributions are one of the following:
    - Part of a series of substantially equal periodic payments
    - For qualified higher education expenses
    - Taken by beneficiaries after the participant's death
    - For first-time purchase of a residence ($10,000 limit)
    - For unreimbursed medical expenses up to your amount of tax deduction
    - For 12 weeks medical insurance for an unemployed participant
    - For certain hurricane and flood victims
    - To a qualified reservist in armed forces

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