

IRA Facts for 2008 Fact Sheet

Individual Retirement Accounts (IRAs) can be an important source of retirement income for your future.

Here are a few of the facts that could help you in building your IRA savings in the New Year:

- Annual contributions for Traditional and Roth IRAs are \$5,000 for 2008. The “catch-up” contribution is \$1,000 for those ages 50 or older by year-end, for a maximum contribution of \$6,000.
- The 2008 contribution for the Coverdell Education IRA is \$2,000.
- The 2008 contribution limit for a SEP IRA is \$46,000 or 25 percent of compensation whichever is less.
- The 2008 deferral limit for a 401(k), 403(b) or 457 Plan is \$15,500. The additional \$5,000 catch-up contribution available for those ages 50 and older by year-end for a maximum contribution of \$20,500.
- A SIMPLE IRA has a \$10,500 annual contribution limit in 2008. The \$2,500 catch-up brings the total contribution for those ages 50 and older by year-end to \$13,000.
- An individual (or their contributing spouse) must have compensation in the year for which the IRA contribution is made. Compensation includes salaries, wages, tips, commissions, bonuses, alimony, royalties and “earned income” in the case of a self-employed individual. Eligible compensation MUST BE from personal services currently rendered.
- Compensation DOES NOT include any amount received as deferred compensation, pension or annuity income, unemployment compensation, rent income, interest or dividend income, royalties from investments or any other amount not includible in gross income.
- Traditional, Roth, and Coverdell Education IRAs may be established on behalf of an individual and contributions may be accepted for a particular tax year until the due date for filing the individual’s federal income tax return – NO EXTENSIONS. This means Tuesday, April 15, 2008 is the last day to establish IRA accounts and/or make contributions for 2007. When the due date for any act for tax purposes – filing a return, paying taxes, etc. – falls on a Saturday, Sunday or legal holiday, the due date is delayed until the next business day.

We hope these facts will help you in planning your IRA contributions. If you have questions or want to learn more about ways to save for your retirement, please contact your Financial Advisor.

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