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Q: WHAT IS AN INDIVIDUAL RETIREMENT ACCOUNT (IRA)?

A: An Individual Retirement Account (IRA) is a personal tax-deferred retirement plan. It was developed to provide individuals with the opportunity to build their own tax-deferred retirement savings program.

Q: WHO MAY ESTABLISH A TRADITIONAL ROTH IRA?

A: You may establish an IRA if you have compensation or earned income from employment or if you are divorced or separated and you receive taxable alimony or maintenance payments and have not attained age 70 1/2. However, Rollover IRAs may be established by individuals over age 70 1/2.

If you are married, and both you and your spouse work, you can both establish an IRA. If only one of you works, or you both work and one of you receives minimal compensation and you file a joint Federal tax return, you can establish spousal IRAs for each of you.

Q: HOW MUCH CAN BE CONTRIBUTED TO AN IRA?

A: You may contribute to an IRA, or, if you are eligible for a Roth IRA, any amount up to the \$5,000 (for 2010) or 100% of your compensation if less than \$5,000. If you and your spouse file a joint income tax return and your spouse has little or no income, you can contribute a total of \$10,000 to separate IRAs established for you and your spouse. Also, a Catch-Up contribution of an additional \$1,000 in 2010 can be made if you are age 50 or older in the contribution year.

Q: HOW DO I DETERMINE IF MY IRA CONTRIBUTION IS DEDUCTIBLE?

A: If neither you nor your spouse is an active participant in an Employer Retirement Plan, you may deduct your entire IRA contribution. If you or your spouse are active participants but have an adjusted gross income below the threshold amount for 2010, your contribution is fully-deductible.

If you and your spouse are active participants in an Employer Retirement Plan and your combined Modified Adjusted Growth Income is above the threshold amount, your deductible contribution to an IRA is partially not deductible using a Phase-Out method. If your spouse is an active participant but you are not, you may fully deduct your annual IRA contribution if you file jointly and your

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modified adjusted growth income does not exceed \$167,000 (your ability to deduct your IRA contribution will be phased out ratably if your modified adjusted growth income exceeds \$167,000 but doesn't exceed \$177,000).

You may not deduct IRA contributions if your joint Modified Adjusted Growth Income is \$177,000 or more.

Q: WHO IS CONSIDERED AN ACTIVE PARTICIPANT IN A RETIREMENT PLAN

A: You are an active participant in an Employer Retirement Plan for a calendar year if your employer or union has a Retirement Plan under which contributions are made to your account or you are eligible to earn retirement credits. Your W-2 Form for the year should indicate your participation status.

You are an active participant for a year even if you are not yet vested in your retirement benefit, or, if you make required contributions or voluntary employee contributions to an Employer Retirement Plan.

You are not considered an active participant if you are covered by a plan only because of your service as:

1. An Armed Forces Reservist, for less than 90 days of active service, or
2. A volunteer fire fighter covered for fire fighting service by a government plan.

If you are covered in any other plan these exceptions do not apply.

Q: HOW MUCH OF AN IRA CONTRIBUTION IS DEDUCTIBLE IF THE MODIFIED ADJUSTED GROWTH INCOME IS ABOVE THE THRESHOLD LEVEL AND THE INDIVIDUAL IS AN ACTIVE PARTICIPANT?

A: If your modified adjusted growth income is less than \$10,000 above your threshold level, you will still be able to make a limited deductible contribution. You can estimate your deduction limit using the following formula: $\$10,000 - \text{Excess Modified Adjusted Growth Income} \times \text{Maximum Allowable Deduction}$.

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Q: HOW MUCH CAN I DEDUCT IF I'M AN ACTIVE PARTICIPANT IN A RETIREMENT PLAN?

A: If you are an active participant in an Employer Retirement Plan, your ability to make a deductible IRA contribution will be reduced or eliminated if the modified adjusted gross income on your Federal income tax return exceeds certain Modified Adjusted Growth Income limits. The lowest such limit is known as the threshold amount. If your Modified Adjusted Growth Income equals or exceeds the threshold amount, you may not deduct the maximum contribution (\$5,000).

If Your Modified Adjusted Growth Income equals or exceeds the higher limit known as the Phase-out Amount; you may not make a deductible IRA contribution for the year (though you may still make a nondeductible IRA contribution).

If your Modified Adjusted Growth Income falls between the threshold dollar amount and the phase-out amount, your maximum deductible IRA contribution is reduced ratably. The Modified Adjusted Growth Income limits vary depending upon the tax year and your Federal filing status.

Filing Status	Taxable Year	Threshold Amount	Phase-Out Amount
MARRIED AND FILE A JOINT FEDERAL TAX RETURN WITH YOUR SPOUSE	2010	\$89,000	\$109,000
SINCE AND FILE A FEDERAL TAX RETURN USING ANY NON-MARRIED FILING STATUS	2010	\$56,000	\$66,000
Less than \$10,000 for a married individual filing a separate return.			

Q: WHAT HAPPENS TO THE AMOUNT OF AN IRA CONTRIBUTION THAT ISN'T DEDUCTIBLE?

A: The amount of your IRA contribution which is not deductible is considered a nondeductible contribution. You may choose to make a nondeductible contribution even if you could have deducted part or all of the contribution. Interest or other earnings on your IRA contribution will not be taxed until distributed to you. Although you may not receive a deduction, you can still contribute up to the lesser of 100% of compensation or \$5,000 (or \$6,000 if over the 50 years old) and \$10,000 for Spousal IRAs (or \$12,000 if spouses are over the 50 years old) for the 2010 tax year.

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Q: WHEN MUST CONTRIBUTIONS BE MADE?

A: You may make contributions at any time during a calendar year, up to the tax filing deadline for such year without extensions. Deductibility of contributions will be determined when you complete your tax return. You may withdraw an IRA contribution made for a year anytime before April 15 of the following year. If you do so, you must also withdraw the earnings attributable to that portion and report the earnings as income for the year for which the contribution was made. If some portion of your contribution is not deductible, you may decide either to withdraw the nondeductible amount or to leave it in the IRA and designate that portion as a nondeductible contribution on your tax return.

Q: HOW IS A CONTRIBUTION DESIGNATED AS NONDEDUCTIBLE?

A: An IRA contribution is designated as a nondeductible contribution for a tax year by filing Form 8606 (Nondeductible IRAs) with your Federal income tax return for the tax year. Nondeductible IRA contributions may be made up to the due date for filing your federal income tax return for the tax year, not including extensions. If you file an amended return, you may change your designation of your deductible IRA contribution to nondeductible or vice versa (although such a change may result in a different tax liability).

Q: HOW MUCH CAN BE CONTRIBUTED TO A SEP?

A: A SEP is an employer sponsored Traditional IRA that is funded exclusively by your employer. If you are eligible under a SEP, your employer may contribute up to \$49,000 or 25% of your compensation, whichever is less, into your IRA. If your employer makes a SEP contribution, you may also make a Traditional IRA contribution for that tax year.

Q: WHAT IF CONTRIBUTIONS TO MY IRA EXCEED THE LIMITS?

A: If you contribute too much, an annual 6% nondeductible excise tax will be imposed on the excess contribution and any earnings attributable thereto until the excess contribution is removed from your IRA.

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Q: WHAT IS A REQUIRED MINIMUM DISTRIBUTION (RMD), AND WHO IS REQUIRED TO TAKE ONE?

A: A mandatory withdrawal of assets from a Traditional, SEP or SIMPLE IRA based on the life expectancy of the IRA owner, which begins in the year that the IRA owner turns 70.5 years old, each subsequent RMD is taken yearly by December 31st.

Q: WHAT IS A ROLLOVER FROM A QUALIFIED PLAN?

A: You can transfer or rollover your interest in a qualified Employer Retirement Plan to an IRA with similar tax implications (deductible and non-deductible).

Q: WHAT ARE THE RULES REGARDING ROLLOVER CONTRIBUTIONS TO IRAS?

A: You may make a rollover contribution to your IRA provided that you make an irrevocable election to do so at any time but only if your rollover contribution consists solely of a distribution of taxable amounts from a Retirement Plan or IRA. Only IRA accounts that are treated similarly for tax purposes can be rolled over to another like account. For example: Traditional can be rolled to Traditional, SIMPLE (after 2 years can be rolled to a Traditional without penalty, SEP can be rolled to Traditional, and Roth can be rolled to Roth.

1. The rollover is completed no later than 60 days after you receive the distribution
2. The rollover consists only of cash or property (of a nature and form acceptable to the Trustee) received in the distribution or the cash proceeds of the sale of property received from a Retirement Plan other than an IRA
3. The rollover does not include any Required Minimum Distribution Amount
4. The rollover comes from an IRA which no distribution received by you from the same IRA within the 12 month period ending on the day of the most recent distribution was rolled over to another IRA or Employer Sponsored Plan. For purposes of applying this 1-year rule, rollovers or conversions of an IRA to a Roth IRA and rollovers of distributions which fail to be Qualified First-time Homebuyer Distributions solely by reason of the delay or cancellation of the purchase or construction of a Principal Residence are not taken into account and are not themselves subject to the 1-year rule. A rollover can also be made pursuant to the above from a tax-sheltered annuity under Code §403(b) to an IRA.

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Q: ARE THE PARTIAL DISTRIBUTIONS FROM A QUALIFIED RETIREMENT PLAN OR LIKE IRA ELIGIBLE TO BE ROLLED OVER?

A: Any distributions may be rolled over or directly transferred to an IRA with limited exceptions. Distributions not eligible to be rolled over include periodic payments made over your life expectancy or over a period of at least ten years, distribution of after-tax contributions, and Required Minimum Distributions (RMDs).

Q: MAY AN IRA ROLLOVER ACCOUNT BE ROLLED OVER TO ANOTHER QUALIFIED EMPLOYER RETIREMENT PLAN?

A: If the IRA Rollover includes only rollover assets (such rollover assets may be from more than one plan), then you may roll these assets into another qualified Retirement Plan that accepts such rollovers provided the entire balance in the IRA rollover account is withdrawn.

Q: WHAT ARE THE FEDERAL INCOME TAX CONSEQUENCES OF A ROLLOVER?

A: If you choose to make a direct rollover of all or any portion of your payment that can be rolled over, you will not be taxed on any portion of your payment until you later take it out of the Traditional Rollover IRA or qualified Employer Retirement Plan. In addition, no income tax withholding is required for any portion of your distribution for which you choose a direct rollover.

If you choose an indirect rollover from a retirement program, your payment can be rolled over. However, if the payment is made directly to you in cash, it will be subject to mandatory 20% income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a Traditional or Roth IRA or to another qualified Employer Retirement Plan that accepts rollovers. If you decide to roll over the payment, you must contribute all or some of the amount you received to a Traditional or Roth IRA or to another qualified Employer Retirement Plan within 60 days after you receive the payment. If you wish to roll over 100% of the payment (so that the entire payment will be tax-deferred) you must find other money within the 60-day period to contribute to the IRA or the qualified Retirement Plan to replace the 20% that was withheld.

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Q: CAN I CONVERT MY TRADITIONAL IRA TO A ROTH IRA?

A: You may convert all or a portion of your Traditional or Spousal IRA to a Roth IRA regardless of modified adjusted gross income.

If you convert or rollover your IRA to a Roth IRA, you must include in your gross income any amount which would be included if it were not part of a rollover contribution (the amount of your deductible IRA contributions plus earnings on your IRA contributions which are included in the distribution and rolled over to a Roth IRA).

Conversions or rollovers occurring in years after 1998 must be included in gross income for the year of the conversion or rollover. The 10% premature penalty tax does not apply to any amount converted to a Roth IRA.

Q: CAN I MAKE A SIMPLE OR ROTH CONTRIBUTION TO A TRADITIONAL IRA ACCOUNT?

A: SIMPLE or Roth contributions may not be made to a Traditional IRA. You must open separate SIMPLE or Roth, IRA to receive such contributions. You may rollover distributions from a SIMPLE IRA to your Traditional or spousal Traditional IRA provided that the distribution is more than 2 years after you first participated in an employer's SIMPLE IRA plan.

Q: WHAT ARE MY INVESTMENT OPTIONS?

A: The investment alternatives offered may include money market instruments, mutual funds (including funds for which the Trustee, or any of the Trustee's affiliates serve as investment advisor.

Q: ARE EARNINGS ON INVESTMENTS TAXABLE?

A: No, Federal income tax is not payable on investment earnings as long as you follow the rules established by the IRS.



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Q: CAN I MAKE A CONTRIBUTION OF SECURITIES TO MY IRA ACCOUNT INSTEAD OF CASH?

A: No, all contributions to an IRA (other than rollover contributions) must be made in cash, check, or money order (including electronic transfer of funds).

Q: WHEN ARE MY RETIREMENT BENEFITS PAYABLE?

A: Distributions from your account may occur at anytime. However, there may be tax and penalties on premature distributions. You must begin to receive distributions from your Traditional IRA by April 1 of the year following the calendar year in which you reach age 70 ½, as determined in the next question.

Q: WHAT HAPPENS IF I TAKE AN EARLY DISTRIBUTION?

A: If you take a distribution from your IRA prior to reaching age 59 ½, a 10% nondeductible excise tax will be due on the amount withdrawn. This 10% excise tax is in addition to any regular income tax which would be payable on the withdrawal in Traditional IRA. The 10% excise tax is also imposed if, prior to reaching age 59 ½, you borrow from your account, pledge your account as security for a loan or engage in any other prohibited transaction as defined in Code §4975(c). If you borrow from your account or engage in a prohibited transaction, the entire fair market value of your IRA will be subject to the 10% tax. If you pledge your account as security for a loan, only the portion pledged will be subject to the 10% tax.

The penalty does not apply to a rollover to another IRA or Retirement Plan. The penalty tax is 25% if the distribution is from a SIMPLE IRA within 2 years of the date you first commenced participation in the SIMPLE Plan.

Q: WHAT ARE THE REQUIREMENTS TO QUALIFY FOR THE FIRST-TIME HOMEBUYERS EXCEPTION?

A: First-time Homebuyers exception applies to any distribution used, within 120 days of the date the distribution is received, to pay for the acquisition, construction or reconstruction of your



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principal residence or the principal residence of your spouse, or your or your spouse's child, grandchild or ancestor, provided that the individual for whom the principal residence is acquired or constructed (and the individual's spouse) had no present interest in a principal residence during the 2-year period ending on the date a binding contract to acquire the principal residence was entered into or on which construction or reconstruction of the principal residence commenced. The aggregate amount of distributions received by you during your lifetime which may be treated as Qualified First-time Homebuyer Distributions may not exceed \$10,000.

Q: ARE THERE ANY EXCEPTIONS FOR MAKING PREMATURE DISTRIBUTIONS WITHOUT INCURRING AN EXCISE TAX?

A: A penalty tax of an amount equal to 10% of the taxable portion of your IRA distribution (or deemed distribution) is imposed if your distribution is made before you attain the age of 59 ½ unless it is made for any of the following reasons:

1. on account of your death;
2. after you become disabled;
3. as a direct transfer by the trustee of interest to a spouse or former spouse by the trustee in your IRA pursuant to a court order of divorce, separation or division of property;
4. as a part of a scheduled series of substantially equal payments made at least annually until the later of 5 years or your attaining the age of 59 ½ calculated using the life expectancy of you alone or jointly with your beneficiary;
5. transferred as a rollover contribution to another IRA, to a Roth IRA or if your IRA consists solely of rollover contributions from an employer-sponsored Retirement Plan, to another employer-sponsored Retirement Plan;
6. used to pay medical expenses in excess of 7.5% of your Adjusted Gross Income;
7. paid to you after separation from employment (or within 60 days of reemployment) in the same or next succeeding tax year after you have received (or would have received but for your self-employment) Federal or state unemployment compensation for at least 12 consecutive weeks as a result of such unemployment provided that the IRA distribution is used to pay premiums for health care coverage during such period of unemployment;
8. as a Qualified First-time Homebuyer Distribution but not in excess of a \$10,000 lifetime limit;
9. to pay Qualified Higher Education Expenses;
10. as the result of an IRS levy against the IRA;
11. a qualified reservist of the Armed Forces who was called to active duty after September 11, 2001.

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Q: WHAT QUALIFIES AS QUALIFIED HIGHER EDUCATION EXPENSES?

A: If the IRA owner paid expenses for higher education during the year, part or possibly all, of any distribution may not be subject to the 10 percent additional tax. The part not subjected to the tax is generally the amount that is not more than the qualified higher education expenses for the year for education furnished at an eligible educational institution. The education can be for the IRA owner, their spouse, children, or grandchildren.

Qualified education expenses include tuition, fees, books, supplies, and equipment required for the enrollment or attendance of the student. An eligible educational institution includes a college, university, vocational school, or other postsecondary educational institution eligible to participate in student aid programs administered by the department of education.

Q: WHEN DO I PAY FEDERAL INCOME TAXES ON MY ACCOUNT?

A: Federal income taxes must be paid when you receive a distribution from your Traditional IRA, engage in a prohibited transaction, or before funding or converting to a Roth IRA.

Q: HOW ARE DISTRIBUTIONS TAXED IF NONDEDUCTIBLE CONTRIBUTIONS WERE MADE TO AN IRA?

A: Because nondeductible IRA contributions are made using income which has already been taxed, the portion of the IRA distributions consisting of nondeductible contributions will not be taxed again when received by you. If the IRA contains both deductible and non-deductible contributions, each IRA distribution will consist of a nontaxable portion (return of nondeductible contributions) and taxable portions (return of deductible contributions, if any, and account earnings). Form 8606 can be used to calculate the nontaxable portion of any distribution you receive.

Q: WHAT ABOUT FEDERAL ESTATE AND GIFT TAXES?

A: Upon your death, the amount in your IRA will generally be included in your estate for Federal estate tax purposes. However, if your spouse is the beneficiary of your IRA, that amount is deducted from your estate. A transfer to your named beneficiary after your death is not subject to Federal gift tax. State estate and gift tax consequences may vary. See your tax or legal advisor regarding your own situation.

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Q: WHAT INFORMATION IS AUTOMATICALLY SUPPLIED CONCERNING MY ACCOUNT?

A: The Trustee will send you a copy of any amendment to the document with an explanation of its impact within 30 days of any such change. Each year you will also receive a statement which shows contributions, earnings, distributions and total value of your IRA Account. Growth in the value of your IRA Account cannot be guaranteed. The performance of the assets in your IRA Account depends on the investments which are made in the Account.

Q: DO I HAVE TO FILE ANY FORMS WITH THE INTERNAL REVENUE SERVICE?

A: Yes, you must file Form 5329 (Return for Additional Taxes Attributable to IRAs, Other Qualified Retirement Annuities, Modified Endowment Contracts and MSAs) with the IRS if you owe tax on an excess contribution, premature distribution, or deficient distribution. You must also file Form 8606 if you made any nondeductible contributions.

Q: CAN I TERMINATE MY IRA OR TRANSFER IT TO ANOTHER CUSTODIAN OR TRUSTEE?

A: Yes, you have the right to terminate your IRA at any time; however a substantial tax penalty will be incurred if you take distributions earlier than age 59 ½ (unless an early distribution penalty applies). You may also transfer your IRA to another trustee or custodian. You may revoke your IRA without penalty, administrative expense or market fluctuation, if you do so within seven days of the date on which you establish the IRA. Establishment of a Roth IRA is depended on the IRA owner having earned income, tax filing status (married, separated, single) and certain limits on the Modified Adjusted Gross Income of the IRA owner.

Q: ARE THERE ANY ELIGIBILITY FACTORS ON ANNUAL ROTH IRA CONTRIBUTIONS?

A: Your Modified Adjusted Gross income and filing status is used to determine eligibility to contribute to a Roth IRA.

The Modified Adjusted Gross Income Eligibility Requirements for 2010:



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1. Single filers: Up to \$105,000 (to qualify for a full contribution); \$105,000-\$120,000 (to be eligible for a partial contribution), and
2. Married, Joint filers: Up to \$166,000 (to qualify for a full contribution); \$167,000-\$177,000 (to be eligible for a partial contribution)

Q: WHAT ARE THE TAX AND PENALTY IMPLICATIONS OF TAKING A DISTRIBUTION FROM A ROTH IRA?

A: In the case of a non qualified distribution, annual contributory assets can always be distributed from the IRA tax and penalty free. Conversion assets in your Roth IRA must satisfy a term of 5 years from the conversion transaction before they can be removed without a 10% penalty. However, since you have already paid the taxes on these assets at the time of conversion, conversion assets are always tax free. Lastly, earnings generated by the growth of the account will be subject to taxes and penalties at the time of distribution if the transaction is not qualified.

Adversely, no taxes or penalties apply on Qualified Distributions from a Roth IRA, provided that two requirements are met to create a qualified distribution.

Q: WHAT CONDITIONS ARE REQUIRED TO MAKE A “QUALIFIED” DISTRIBUTION FROM A ROTH IRA?

A: A qualified distribution is a payment or withdrawal from a Roth IRA that meets two requirements.

The Roth IRA account must satisfy a 5-year period of time from the establishment of the account beginning from January 1 in the year the IRA was established.

The IRA owner also must be either age 59 ½ years old, deceased, disabled, or have a qualifying First Time Homebuyer Exception. Both of these requirements must be present for a qualified Roth distribution to take place.

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