



## 2009 and 2010 Options At-A-Glance

Provision	Traditional IRA	Roth IRA																																										
<b>Eligibility Requirements</b>	Contributions can be made through an individual's 69½ year as long as that individual, or their spouse, has earned income.	Contributions can be made at any age as long as the contributor, or their spouse, has earned income and your modified adjusted gross income (MAGI) does not exceed (for 2010): <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Full</th> <th>Partial Contribution</th> <th>Not Eligible Contrib.</th> </tr> </thead> <tbody> <tr> <td>Single Filers</td> <td>up to \$104,999</td> <td>\$105,000–\$120,000</td> <td>\$120,001 or more</td> </tr> <tr> <td>Joint Filers</td> <td>up to \$166,999</td> <td>\$167,000–\$177,000</td> <td>\$177,001 or more</td> </tr> <tr> <td>Married, Filing Separately</td> <td>up to \$9,999</td> <td>Not eligible</td> <td>\$ 10,000 or more</td> </tr> </tbody> </table>		Full	Partial Contribution	Not Eligible Contrib.	Single Filers	up to \$104,999	\$105,000–\$120,000	\$120,001 or more	Joint Filers	up to \$166,999	\$167,000–\$177,000	\$177,001 or more	Married, Filing Separately	up to \$9,999	Not eligible	\$ 10,000 or more																										
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<b>Maximum Contribution Limits</b>	<ul style="list-style-type: none"> <li>■ For 2008, the lesser of 100% of compensation or \$5,000. For 2009, the maximum contribution limit is \$5,000.</li> <li>■ In 2008 and 2009 an individual age 50 or older may contribute an additional \$1000.</li> <li>■ Annual total contribution limit between Traditional IRA and Roth IRA in 2008 is \$5,000 (or \$6,000 if age 50 or over); in 2009, the limit is \$5,000 (or \$6,000 if age 50 or over)</li> </ul>	Same as Traditional IRA, subject to restrictions on MAGI as noted in Eligibility Requirements above.																																										
<b>Contribution Deadline</b>	Tax Filing Deadline not including extensions (generally April 15).	Tax Filing Deadline not including extensions (generally April 15).																																										
<b>Key Tax Advantage</b>	Tax-deferred growth. Contribution may be tax deductible.	Federally tax-free growth.																																										
<b>Deductibility of Contributions</b>	<p><b>Yes, subject to retirement plan participation and MAGI limits:</b></p> <p><b>Single filer, retirement plan participant with MAGI of:</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Fully Deductible</td> <td>\$55,000 or less</td> <td>\$56,000 or less</td> </tr> <tr> <td>Partially Deductible</td> <td>\$55,001 - \$64,999</td> <td>\$56,001 - \$65,999</td> </tr> <tr> <td>Non-deductible</td> <td>\$65,000 or more</td> <td>\$66,000 or more</td> </tr> </tbody> </table> <p><b>Single filer, no retirement plan participation:</b> Fully deductible</p> <p><b>Married, filing separately, retirement plan participant with MAGI of:</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Partially Deductible</td> <td>\$0 - \$10,000</td> <td>\$0 - \$10,000</td> </tr> </tbody> </table> <p><b>Married, filing a joint return, retirement plan participant with MAGI of:</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Fully Deductible</td> <td>\$89,000 or less</td> <td>\$89,000 or less</td> </tr> <tr> <td>Partially Deductible</td> <td>\$89,001 - \$108,999</td> <td>\$89,001 - \$108,999</td> </tr> <tr> <td>Non-deductible</td> <td>\$109,000 or more</td> <td>\$109,000 or more</td> </tr> </tbody> </table> <p><b>Joint filer, no retirement plan participation (but spouse is participant) with MAGI of:</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Fully Deductible</td> <td>\$166,000 or less</td> <td>\$167,000 or less</td> </tr> <tr> <td>Partially Deductible</td> <td>\$166,001 - \$175,999</td> <td>\$167,001 - \$176,999</td> </tr> <tr> <td>Non-deductible</td> <td>\$176,000 or more</td> <td>\$177,000 or more</td> </tr> </tbody> </table> <p><b>Joint filer, neither spouse is a retirement plan participant:</b> Fully deductible</p>		2009	2010	Fully Deductible	\$55,000 or less	\$56,000 or less	Partially Deductible	\$55,001 - \$64,999	\$56,001 - \$65,999	Non-deductible	\$65,000 or more	\$66,000 or more		2009	2010	Partially Deductible	\$0 - \$10,000	\$0 - \$10,000		2009	2010	Fully Deductible	\$89,000 or less	\$89,000 or less	Partially Deductible	\$89,001 - \$108,999	\$89,001 - \$108,999	Non-deductible	\$109,000 or more	\$109,000 or more		2009	2010	Fully Deductible	\$166,000 or less	\$167,000 or less	Partially Deductible	\$166,001 - \$175,999	\$167,001 - \$176,999	Non-deductible	\$176,000 or more	\$177,000 or more	<b>All contributions are non-deductible.</b>
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<b>Required Distributions</b>	Minimum distributions must begin by Required Beginning Date which is April 1 following 70½ year.	No minimum distributions required at any age.																																										



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<b>Taxation of Distributions</b>	<ul style="list-style-type: none"> <li>■ Taxes are deferred until distributions are made. All earnings and deductible contributions are taxed as ordinary income upon withdrawal.</li> <li>■ If non-deductible contributions have been made each withdrawal is taxed proportionately. You use IRS Form 8606 to calculate your tax-free portion. Non-taxable distributions are also not subject to the 10% pre-mature penalty.</li> </ul>	<p><b>Qualifying Distributions</b> are tax and penalty free if your initial contribution to your Roth IRA was made at least five years ago and one of the following exceptions apply:</p> <ul style="list-style-type: none"> <li>■ Attainment of age 59½ or older</li> <li>■ Disability</li> <li>■ Qualified first time home purchase (lifetime limit of \$10,000)</li> <li>■ Distribution is made to an account beneficiary</li> </ul> <p><b>Non-Qualified Distributions</b></p> <ul style="list-style-type: none"> <li>■ <b>Annual contributions</b> can be withdrawn tax and penalty free at any time.</li> <li>■ Distributions from a <b>conversion amount</b> must satisfy a five-year investment period to avoid the 10% penalty, unless an exception applies. The conversion amount is not subject to taxation.</li> <li>■ Distributions from <b>earnings</b> will be taxed as ordinary income unless they are a qualifying distribution. They also will be subject to the 10% penalty unless an exception applies. The exceptions are the same as those for Traditional IRAs.</li> </ul>
<b>Exceptions to 10% Premature Penalty</b>	<p>Distributions taken on or after age 59½ or on account of:</p> <ul style="list-style-type: none"> <li>■ Death</li> <li>■ Substantially Equal Periodic Payments</li> <li>■ Disability</li> <li>■ Medical expenses in excess of 7½% AGI</li> <li>■ Higher education expenses</li> <li>■ Involuntary distributions due to an IRS levy</li> <li>■ Insurance premiums paid by certain unemployed individuals</li> <li>■ Qualified acquisition costs of a first time home buyer (lifetime limit of \$10,000)</li> <li>■ Qualified reservist distribution</li> </ul>	<p>Distributions taken on or after age 59½ or on account of:</p> <ul style="list-style-type: none"> <li>■ Death</li> <li>■ Substantially Equal Periodic Payments</li> <li>■ Disability</li> <li>■ Medical expenses in excess of 7½% AGI</li> <li>■ Higher education expenses</li> <li>■ Involuntary distributions due to an IRS levy</li> <li>■ Insurance premiums paid by certain unemployed individuals</li> <li>■ Qualified acquisition costs of a first time home buyer (lifetime limit of \$10,000)</li> <li>■ Qualified reservist distribution</li> </ul>
<b>Death Distributions</b>	<p>Regardless of when the owner dies:</p> <ul style="list-style-type: none"> <li>■ Spouse can transfer directly to own IRA.</li> <li>■ If beneficiary is non-spouse living person or qualifying trust: <ul style="list-style-type: none"> <li>◆ Generally, distributions must commence by 12/31 of the year following the year of death over the single declining life expectancy of the designated beneficiary, or;</li> <li>◆ Exception: the 5-year rule.</li> </ul> </li> </ul>	<p>Regardless of when the owner dies:</p> <ul style="list-style-type: none"> <li>■ Spouse can transfer directly to own IRA.</li> <li>■ If beneficiary is non-spouse living person or qualifying trust: <ul style="list-style-type: none"> <li>◆ Generally, distributions must commence by 12/31 of the year following the year of death over the single declining life expectancy of the designated beneficiary, or;</li> <li>◆ Exception: the 5-year rule.</li> </ul> </li> </ul>
<b>Conversions</b>	<ul style="list-style-type: none"> <li>■ Conversion from Traditional IRA, Simple IRA, SEP IRA or qualified plan to Roth IRA is allowed.</li> <li>■ The amount converted is taxed as ordinary income, but no 10% penalty applies.</li> </ul>	<ul style="list-style-type: none"> <li>■ Conversion from Traditional IRA, Simple IRA<sup>1</sup>, SEP IRA or qualified plan to Roth IRA is allowed.</li> <li>■ The amount converted is taxed as ordinary income, but no 10% penalty applies.</li> </ul>
<b>Transfers</b>	<ul style="list-style-type: none"> <li>■ Assets can be transferred to another Trustee/Custodian.</li> <li>■ A transfer may not be made between a Traditional IRA and a Roth IRA (however, a distribution from a Traditional IRA and subsequent conversion to a Roth IRA may be made).</li> </ul>	<ul style="list-style-type: none"> <li>■ Assets can be transferred to another Trustee/Custodian.</li> <li>■ A transfer may not be made between a Traditional IRA and a Roth IRA (however, a distribution from a Traditional IRA and subsequent conversion to a Roth IRA may be made).</li> </ul>
<b>Rollovers</b>	<ul style="list-style-type: none"> <li>■ Traditional IRA, SEP IRA, SARSEP or Simple IRA<sup>1</sup> to Traditional IRA</li> <li>■ With Triggering Event</li> <li>■ Qualified Plan to Traditional IRA</li> <li>■ 403(b) Plan to Traditional IRA</li> <li>■ Governmental Thrift Savings Plan to Traditional IRA</li> <li>■ Governmental 457(b) to Traditional IRA</li> </ul>	<ul style="list-style-type: none"> <li>■ Roth IRA to Roth IRA</li> </ul>

<sup>1</sup> Simple IRA rollovers and conversions to non-Simple IRA accounts are not allowed in the first two years of participation

RBC Wealth Management does not provide tax or legal advice. We will work with your independent tax/legal advisor to help you meet your retirement needs.