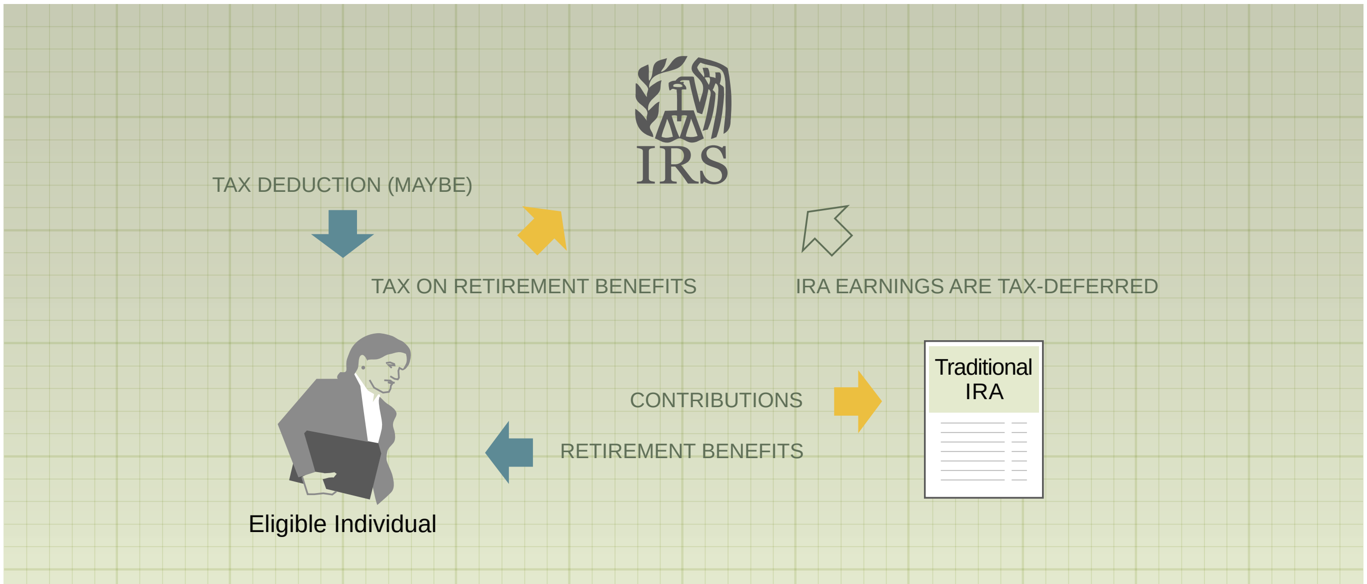
How the Traditional IRA Works



An IRA is established and contributions are made. Contributions are generally tax-deductible for individuals who (1) are not active participants in an employer-sponsored retirement plan or (2) have income that falls below specified levels for the tax year.

Money in the IRA accumulates on a tax-deferred basis.

Benefits are generally taxed when they are received at retirement. All nondeductible contributions are recovered income tax-free.

If benefits are paid prior to age 59½, a 10-percent federal income tax penalty will apply to these distributions, unless an exception applies. Distributions must begin no later than April 1 of the year after the year in which the participant reaches age 70½. There is a federal income tax penalty for not taking required minimum distributions each year once the trigger date is passed, equal to 50% of the amount that should have been taken but was not.