

IRA opportunities at UBS



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IRAs are highly popular and effective retirement savings vehicles that give your investment earnings the benefit of tax-favored treatment and provide an ideal supplement to employer-sponsored retirement plans. The two main types of IRAs are:

- **Traditional IRA**—Your savings in a traditional IRA benefit from tax-deferred growth until withdrawn. Contributions may or may not be tax-deductible depending on your income level and whether you (and your spouse, if married) are covered by an employer-sponsored retirement plan.
- **Roth IRA**—Although contributions to a Roth IRA are made with after-tax dollars, the savings grow tax-deferred, and, if certain requirements are met, your investment earnings may be withdrawn tax-free.

See the following pages for more details about traditional and Roth IRAs in a side-by-side comparison.

Why open an IRA at UBS?

Among the many advantages of keeping your IRA assets at UBS are:

- **Professional experience and personal commitment.** We offer the capabilities of a global financial services firm along with the personal guidance of a Financial Advisor who can help you create a retirement strategy aimed at helping you pursue your goals. Depending on your needs, we can help you implement your retirement strategy through both our brokerage and advisory capabilities.

- **Efficient recordkeeping.** The IRA statement you receive from us provides you with a breakdown of deductible and nondeductible contributions, IRA transfer and rollover information for the current and prior tax years, and comprehensive distribution information.
- **Automatic “sweep” feature.** Our IRAs have a “sweep” feature that automatically reinvests available cash into a short-term investment vehicle on a daily basis to keep your assets working for you.
- **Automatic account funding.** Our IRA allows you to make automatic individual contributions through payroll deductions or direct withdrawals from your checking or savings account.*
- **Account withdrawals.** Once you are ready to start taking distributions, you may opt for checkwriting or a systematic withdrawal program.
- **Automated RMD Service.** This service allows you to request an automatic withdrawal of your required minimum distribution (RMD) starting at age 70½ in the frequency and method you choose. Further, you may elect to have federal and/or state income tax withholding (where applicable) on the distribution.

Start retirement planning now

It's never too early or too late to start planning for retirement, and an IRA at UBS can play a vital role in helping you pursue your long-term financial goals.

* Availability depends on whether your employer or the other financial institution with whom you do business will accommodate your request to make automatic contributions through payroll deductions or systematic withdrawals from your checking or savings account.

Traditional IRA

Contribution eligibility	Anyone under age 70½ with earned income is eligible to make a contribution. (See below for eligibility to make a tax-deductible contribution.)
Contribution limits	Contributions to a traditional IRA, Roth IRA or a combination of the two cannot exceed the following limits: 2010 and 2011: \$5,000 (adjusted periodically for inflation) Individuals age 50 and older (includes catch-up contributions): 2010 and 2011: \$6,000
Tax deductibility of contributions	For individuals with earned income who are not covered by an employer-sponsored retirement plan, contributions are fully tax-deductible. For individuals covered by an employer-sponsored retirement plan, tax-deductibility of contributions is phased out for: – Single taxpayers with modified adjusted gross income (MAGI) between \$56,000 and \$66,000 for 2010 and 2011. – Married taxpayers filing jointly with MAGI between \$89,000 and \$109,000 for 2010, and \$90,000 and \$110,000 for 2011.
Contribution deadlines	Tax-filing deadline, not including extensions (generally April 15).
Basic rules for distributions	Distributions can be taken at any time and are taxed as ordinary income based on the extent to which the individual has earnings and deductible contributions in their traditional IRA. (A 10% penalty may apply for individuals under age 59½.)
Tax-advantaged distributions	Only the portion of the distribution that represents nondeductible contributions (cost basis) is tax-free. Once nondeductible contributions have been made, each distribution consists partly of nondeductible contributions (basis) and partly of deductible contributions, earnings or gains. Until tax basis is exhausted, each distribution is partly taxable and partly nontaxable.
Penalty-free distributions	Distributions taken prior to age 59½ are not subject to the 10% penalty if taken for the following reasons: – disability – death – as 72(t) substantially equal periodic payments – for purposes of paying medical expenses in excess of 7.5% of AGI – for certain unemployed individuals to pay medical insurance premiums – for first-time home purchases (lifetime limit of \$10,000 per taxpayer) – for qualified higher education expenses
Required minimum distributions	Required minimum distributions (RMDs) must be taken by individuals over age 70½. (A 50% excess accumulation penalty applies on the amount of an RMD that should have been withdrawn but was not.)
Non-wage earning spousal IRA	Non-wage earning spouses who file a joint return can deduct their IRA contributions up to the applicable contribution limit (see above under “Contribution limits”), even if the working spouse is covered by an employer-sponsored retirement plan. Tax-deductibility is subject to phase-out for MAGI between \$167,000 and \$177,000 for joint returns for 2010 and \$169,000 and \$179,000 for 2011.
Special tax provisions	An individual who works but does not participate in an employer-sponsored retirement plan may make deductible IRA contributions even if his or her spouse participates in an employer-sponsored retirement plan, subject to phase-out for MAGI between \$167,000 and \$177,000 for joint returns for 2010 and \$169,000 and \$179,000 for 2011.

Roth IRA

Anyone with earned income not exceeding the allowable limits may contribute to a Roth IRA. Eligibility to contribute is phased out for:

- Single taxpayers with MAGI between \$105,000 and \$120,000 for 2010, and \$107,000 and \$122,000 for 2011
- Married taxpayers filing jointly with MAGI between \$167,000 and \$177,000 for 2010, and \$169,000 and \$179,000 for 2011
- Married taxpayers filing separately with MAGI between \$0 and \$10,000

Individuals over age 70½ are eligible to contribute for as long as they have earned income. Participation in an employer-sponsored retirement plan does not affect Roth IRA eligibility.

Contributions to a Roth IRA, traditional IRA or combination of the two cannot exceed the following limits:
2010 and 2011: \$5,000 (adjusted periodically for inflation)

For individuals age 50 and older (includes catch-up contributions):
2010 and 2011: \$6,000

Contributions to a Roth IRA are not tax-deductible. However, qualified distributions may be taken tax-advantaged and/or penalty-free if certain requirements are met. (See Tax-free distributions and Penalty-free distributions below)

Tax-filing deadline, not including extensions. (generally April 15)

Distributions of your contribution can be taken tax and penalty free at any time and for any reason. Distributions of earnings are taxed as ordinary income unless they meet the requirements of a qualified distribution described below. (Penalties may apply for individuals under age 59½.) Distributions of taxable conversions taken within the first five years of conversion may be subject to a 10% penalty for individuals under age 59½.

Distributions are taken first from contributions, followed by taxable conversions, nontaxable conversions and finally, earnings on any type of contribution or conversion.

Distributions that represent earnings are considered qualified distributions and are tax-free if the assets withdrawn have been held in a Roth IRA that has been established for at least five tax years, AND the account holder:

- is at least age 59½
- makes a first-time home purchase (lifetime limit of \$10,000 per taxpayer)
- is disabled or dies

Distributions that represent contributions can always be withdrawn tax-free and penalty-free for any reason.

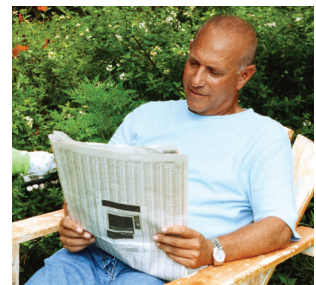
Distributions of earnings taken prior to age 59½ are not subject to the 10% penalty if taken for the following reasons:

- disability
- death
- as 72(t) substantially equal periodic payments,
- for purposes of paying medical expenses in excess of 7.5% of AGI
- for certain unemployed individuals to pay medical insurance premiums
- for first-time home purchases (lifetime limit of \$10,000 per taxpayer)
- for qualified higher education expenses

There are no required minimum distributions for individuals over age 70½.

Non-wage earning spouses who file a joint return can make a Roth IRA contribution up to the applicable contribution limit (see above under "Contribution limits"), even if the working spouse is covered by an employer-sponsored retirement plan. Tax-deductibility is subject to phase-out for MAGI between \$167,000 and \$177,000 for joint returns for 2010.

Roth IRA conversion: In 2010, the \$100,000 MAGI ceiling was eliminated for conversions from a traditional IRA (and some employer retirement plans) to a Roth IRA. The amount converted is subject to income tax to the extent the assets converted to a Roth IRA are includable in income.



See next page for information on the advantages of IRA rollovers

The advantages of IRA rollovers

If you retire or otherwise leave your job and receive an “eligible rollover distribution” (as described below) from your employer-sponsored retirement plan, all or part of your distribution may be rolled over into a traditional IRA (often referred to as a rollover IRA).

The primary advantage of rolling over your distribution is that your retirement funds continue to reap the benefits of tax-deferred growth until they are distributed from the IRA. The rollover option may also provide more investment alternatives and flexible distribution options.

Important considerations

You should keep the following points in mind with regard to rolling over a distribution from an employer-sponsored retirement plan:

- There is no dollar limit on the amount you may rollover
- There are no tax consequences with a direct rollover
- Amounts rolled over are subject to the same distribution rules as any other assets in a traditional IRA
- You can also make regular IRA contributions to an IRA into which you have rolled over distributions
- A direct rollover is not subject to the 20% withholding your employer would otherwise have to withhold on the taxable portion of your distribution. On the other hand, an indirect rollover, in which the assets are first sent to the individual and he or she subsequently deposits the assets to the IRA, is subject to the 20% withholding
- If your distribution includes employer stock you may want to take an “in kind” distribution of the stock instead of rolling it over into an IRA. By doing so, you may be eligible to defer taxes on the portion of the stock that constitutes net unrealized appreciation (NUA) until the stock is sold, at which point the NUA will be taxed at the current capital

gains tax rate. Due to the complexity of NUA rules, you should also discuss this distribution strategy with your tax advisor if you are considering taking advantage of NUA treatment for your employer stock.

Roth IRA rollovers

Individuals are also allowed to roll distributions from an employer-sponsored retirement plan directly to a Roth IRA. Please note that Roth IRA conversions are taxable events, and you should consult with a tax advisor for details.

Individuals who have made qualified Roth contributions to their employer-sponsored retirement plan can also roll those contributions into a Roth IRA.

What is an “eligible rollover distribution”?

Your company’s retirement plan administrator can provide you with the necessary information relating to your eligible rollover distribution. As a general rule, you may roll over any distribution from your employer-sponsored retirement plan account except for the following:

- A distribution that is part of a series of substantially equal periodic payments that are made at least once a year and are paid over:
 - your lifetime (or your life expectancy)
 - your lifetime and your beneficiary’s lifetime (or life expectancies)
 - a period of 10 years or more
- A required minimum distribution
- A hardship distribution

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