Outlook℠

Making the Most of Your Retirement Savings—A Case for Consolidation

Financial Security in Retirement—The New Challenge
In the past, many workers relied on employer-sponsored pension plans and Social Security payments to provide for a comfortable retirement. That no longer holds true today. American workers must now take charge of their own retirement.

Keep Track of Your Retirement Assets

You may have chosen to keep your retirement assets at different firms as a way to diversify your assets. And, while it's true that proper diversification is important, it is not necessarily achieved by holding those assets at various institutions. In fact, it may be easier to keep track of your assets and make sure that they're properly diversified when you consolidate them at one location.

Consolidate Your Retirement Assets

Your retirement assets could be the single largest sum of money you will ever manage. Consolidating all of your individual retirement accounts (IRAs) at one full-service firm may make sense.

By consolidating your retirement assets with us, you get access to a wide range of services and benefits, including:

- **Professional Experience and a Personal Commitment**
  We are a global firm with a personal focus—you. We offer the capabilities of a global financial services firm along with the guidance of a Financial Advisor. It's a combination that we believe will help you with the investment decisions you make today—and in the years to come.

Planning for retirement begins with an understanding of what you want to accomplish. For instance, when do you plan to stop working? What lifestyle do you envision in your later years?

We understand that your financial goals are as unique as you are. Knowing what you want to accomplish, your Financial Advisor can help you put together a retirement strategy aimed at helping you pursue your goals without losing sight of your current financial needs. You can discuss modifying your strategy to reflect changes in the market, your income and your life circumstances with your Financial Advisor on an ongoing basis.

Depending on your needs, your Financial Advisor can help you

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implement your retirement strategy through both our brokerage and advisory capabilities.

- **Integrated Investment Strategy**
  An important part of any investment strategy is to appropriately diversify your assets. One way to address this is through a process called asset allocation. Asset allocation works on the principle that your investments in various asset classes (such as stocks, bonds and stable value) will react to changing market trends with different growth rates and levels of volatility. Appropriate asset allocation can help lessen your exposure to market fluctuations by compensating for potential losses in one area of your portfolio with possible gains in another.

  A consolidated account can make it easier for you to monitor your portfolio's asset allocation strategy and keep it on track. Working with your Financial Advisor, you can periodically review the individual asset category weightings within your portfolio and make adjustments as needed.[1]

- **Consolidated Recordkeeping**
  Receiving IRA statements from two or three financial institutions each month can be confusing. By consolidating all of your IRA assets in one place, you'll eliminate the multiple account charges from other firms and you'll have just one easy-to-view source for all of your IRA information.

  The IRA statement you receive from us will provide you with a breakdown of deductible and nondeductible contributions, IRA transfer and rollover information for the current and prior tax years. In-depth distribution information is also provided for these periods.

  Comprehensive distribution information is an important component of your statement, especially after you reach age 70½. At that point in time, you must start taking required minimum distributions (RMDs) from your IRA(s) each year.

  By having all of your retirement assets under one roof, it will be easier to keep track of the distributions you have taken, to help assure that you have withdrawn enough to satisfy this annual requirement. All the relevant information you need will appear on this consolidated statement to assist you in managing your account effectively.

- **Automatic "Sweep" Feature**
  All our IRAs participate in 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.[2] You determine the frequency and contribution amount. The only requirement is that your IRA contributions do not exceed the current allowable annual contributions limit. This automatic contribution service is provided at no cost to you.

- **Account Withdrawals**
  Once you are eligible to receive a distribution, you may qualify for free check writing or a systematic withdrawal program. This can be especially helpful once you reach age 70½ and begin to take required minimum distributions (RMDs).

- **Automated RMD System**
  Our Automated RMD System allows you to request an automatic withdrawal of your RMD in the frequency and method you choose. You have the flexibility to choose monthly quarterly, semi-annual or annual withdrawals, and can direct the distribution to be sent either by check or electronic transfer to yourself, a third party or another UBS Financial Services Inc. non-retirement account. Further, you may elect to have federal and/or state income tax withholding on the distribution. This automatic RMD service is provided at no cost to you.

It's Never Too Early or Too Late To Plan

Planning for retirement can be a daunting task. It is easy to put off and ignore until "later." But, keep in mind that it is never too early or too late to plan for your retirement years.

[1] Asset allocation does not assure a profit or protect against a loss in declining markets.

[2] Availability depends on whether your employer or the 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.

Potential Benefits of Rolling Over Assets to an IRA

When leaving a job or retiring, it may be more advantageous to roll over an eligible distribution from your former employer's retirement plan to an IRA, rather than leaving those assets in that plan.[3] Consider the following advantages that an IRA may offer:

- **More Investment Choices and Personalized Service**—Typically, a 401(k) plan offers a limited number of investment options from which to choose. Rolling over your retirement plan assets to an IRA could enable you to build a more diversified portfolio. Your Financial Advisor can help you determine the investment options that address your individual needs and goals, drawing upon our wide array of investment expertise and resources.

- **Greater Control and Access to Your Funds**—You can withdraw money from an IRA whenever you need.[4] That is not necessarily the case with an employer-sponsored retirement plan. Your former employer may not process distributions on a daily basis. Instead, processing could be done less frequently, such as each month or each quarter. In addition, if you are younger than age 59½, an IRA can provide a way for you to take penalty-free distributions, known as substantially equal periodic payments. This distribution option may not be available in your former employer's retirement plan. Your Financial Advisor can provide more detailed information about this payout option.

- **More Flexibility in Making Beneficiary Designations**—An IRA may provide more choices when designating your beneficiary. For example, you may wish to name a nonperson (such as a trust, charity or estate) as your beneficiary. This strategy can be used to reduce federal estate taxes and control the management of retirement assets after your death. An employer-sponsored retirement plan may not allow you to designate a nonperson as the beneficiary.

- **Potentially Longer Payout Period to a Nonspouse-Beneficiary**—You may want to consider naming a child or grandchild as beneficiary rather than your spouse. Upon your death, your beneficiary can take distributions from the IRA each year based on his/her own life expectancy. The younger the beneficiary is, the longer the payout period will be. Although the law allows for distributions based on life expectancy, employer-sponsored retirement plans are not required to offer this option. Instead, the plan may limit the nonspouse-beneficiary's choices to either a lump sum or payments over a shorter span of time, such as within five years.

[3] If you roll over a distribution from your employer's qualified retirement plan into an IRA and think that you may later roll these assets to a new employer's qualified retirement plan, there may be some tax advantages if you were born before 1936 (e.g., forward averaging) to keeping these assets segregated. If your distribution contains company stock, there may be special tax advantages available that you would lose if you rolled these assets to an IRA.

[4] Generally, distributions taken from a traditional IRA prior to age 59½ are considered premature distributions and will be subject to a 10% penalty tax. However, you will not be subject to the 10% early withdrawal penalty tax for distributions received:

- Due to death or disability,
- As substantially equal payments over your life expectancy (or the joint life expectancy of you and your primary beneficiary),
- To pay for certain medical expenses,
- To pay for health insurance premiums for you, your spouse or your dependents, provided you have received unemployment benefits for at least 12 weeks and have not been re-employed for at least 60 days,
- To use for a first-time home purchase (up to $10,000),
- To use for qualified higher education expenses, or
- On account of an IRS levy.

Keep in mind that regardless of whether your distributions are subject to the 10% penalty tax, they're still subject to federal and, possibly, state income taxes.

It is important that you understand the ways in which we conduct business and the applicable laws and regulations that govern us. As a firm providing wealth management services to clients in the U.S., we are registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Though there are similarities among these services, the investment advisory programs and brokerage accounts we offer are separate and distinct, differ in material ways and are governed by different laws and separate contracts.

It is important that you carefully read the agreements and disclosures that we provide to you about the products or services we offer. While we strive to ensure the nature of our services is clear in the materials we publish, if at any time you seek clarification on the nature of your accounts or the services you receive, please speak with your Financial Advisor or call **201-352-9999**.

For more information, please visit our website at
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060321-0482-Q025