Required Minimum Distribution

By the required beginning date, a participant must begin receiving periodic distributions from a traditional IRA in annual amounts calculated to distribute the entire interest in the account over the participant's life expectancy or over the joint life expectancies of the participant and a designated beneficiary. Minimum distributions must be made by December 31 of each year. If the participant waits until April 1 of the year following the year the participant turned age 70½, the participant must take two RMDs in that year; the first by April 1, and a second by December 31 of that same year.

Example: *Irene turned 70½ on August 20, 2014. She plans to take her 2014 RMD in March 2015. She must take her 2015 RMD by December 31, 2015.*

Required Minimum Distribution Calculation

The RMD for each year equals the IRA account balance as of December 31 of the preceding year, divided by the applicable distribution period, or life expectancy, for the taxpayer's age in the current tax year.

Distributions Greater Than RMD

There is no penalty for taking distributions in excess of RMD. A distribution greater than the RMD cannot be carried over and used to meet the RMD for the following year.

50% Penalty Tax on Excess Accumulations

The RMD rules are designed to make sure taxpayers distribute most of their retirement benefits during life, rather than passing them to beneficiaries after death. The penalty for taking less than the RMD out of an IRA or qualified retirement plan is 50% of the part of the RMD that was not distributed.

Early Retirement

Early retirees (individuals who retire before age 59½) are allowed to take distributions from retirement plans and avoid the 10% additional tax. In order to do so, they must follow certain rules.

- Distributions must be taken at least annually in substantially equal amounts.
- Distribution amounts are determined by life expectancy of the recipient.
- Distributions must be taken for a minimum of five years beginning with the year of the first distribution. If, at the end of the five years, the recipient has not yet attained the age of 59½, he or she must continue the distributions until attaining age 59½.

Contact Us

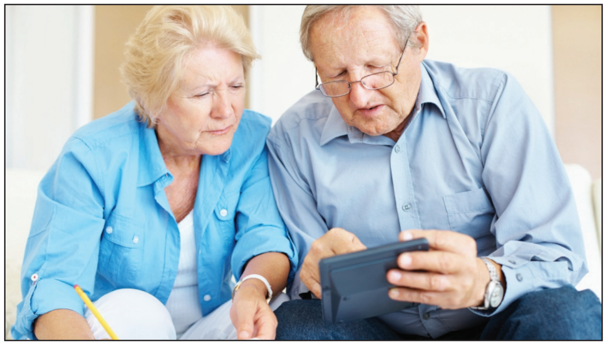
There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 70½.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of $5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

2015

Retirement Income



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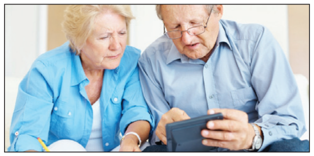

How Social Security Benefits Are Calculated

Social Security retirement benefits are based on the following:

- Lifetime earnings.
- Age at time of retirement.

Lifetime Earnings

Higher lifetime earnings result in higher benefits. The highest 35 years are used to calculate average monthly earnings. Each year is indexed for inflation to approximate what earnings for that year would be in today's dollars. Earnings for each year are also capped by the Social Security maximum earnings subject to Social Security tax for that year. After calculating the average indexed monthly earnings, a formula is used to determine the primary insurance amount (PIA).

Age at Time of Retirement

The amount of benefits also depends on the age when a person decides to start collecting Social Security. Full retirement age is the age at which retirement benefits equal 100% of PIA. If benefits begin prior to full retirement age, benefits are permanently reduced. If benefits begin after full retirement age, benefits are permanently increased. By delaying the age at which a person begins to receive Social Security, benefits may increase.

Full Retirement Age—Social Security

A person reaches full retirement age as follows:

Born prior to 1938	Age 65
Born in 1938	Age 65 and 2 months
Born in 1939	Age 65 and 4 months
Born in 1940	Age 65 and 6 months
Born in 1941	Age 65 and 8 months
Born in 1942	Age 65 and 10 months
Born in 1943 through 1954	Age 66
Born in 1955	Age 66 and 2 months
Born in 1956	Age 66 and 4 months
Born in 1957	Age 66 and 6 months
Born in 1958	Age 66 and 8 months
Born in 1959	Age 66 and 10 months
Born after 1959	Age 67

Birthday on January 1. Individuals born on January 1 of any year should refer to the previous year in this chart.

Early Retirement Reduced Benefits

The earliest age a person can begin receiving Social Security benefits is age 62. The following table illustrates the effect on a primary beneficiary's benefit, and a spouse's benefit who normally would receive 50% of the primary beneficiary's primary insurance amount (PIA) when Social Security benefits begin at age 62:

Year of Birth	*Primary's Reduction Percentage*	*Spouse's Reduction Percentage*
Prior to 1938	20.00%	25.00%
1938	20.83%	25.83%
1939	21.67%	26.67%
1940	22.50%	27.50%
1941	23.33%	28.33%
1942	24.17%	29.17%
1943–1954	25.00%	30.00%
1955	25.83%	30.83%
1956	26.67%	31.67%
1957	27.50%	32.50%
1958	28.33%	33.33%
1959	29.17%	34.17%
After 1959	30.00%	35.00%

Taxable Social Security Benefits

A portion of a taxpayer's Social Security benefits may be taxable. Ask your tax preparer for more information.

Pension Income

Pension income paid to a retiree is generally taxable. An employee nearing retirement may be offered a choice in how a pension payment will be made. Pension options from a defined benefit retirement plan generally include a lifetime payment with no survivor benefit, a joint and 50% survivor payment, or a joint and 100% survivor payment. The joint and survivor benefits are reduced amounts from the lifetime payment option. Generally, once a pension option is selected, it cannot be changed.

IRA Distributions

Distributions from IRAs and other retirement plans are generally taxable. Roth IRA distributions are generally not taxable. With some exceptions, distributions taken before age 59½ are subject to 10% additional tax.

Required Minimum Distribution (RMD) Rules

Traditional IRAs

A participant in a traditional IRA must begin receiving distributions from the IRA by April 1 of the year following the year the participant turns age 70½.

Roth IRAs

The RMD rules do not apply to Roth IRAs. Distributions are required after the death of the participant.