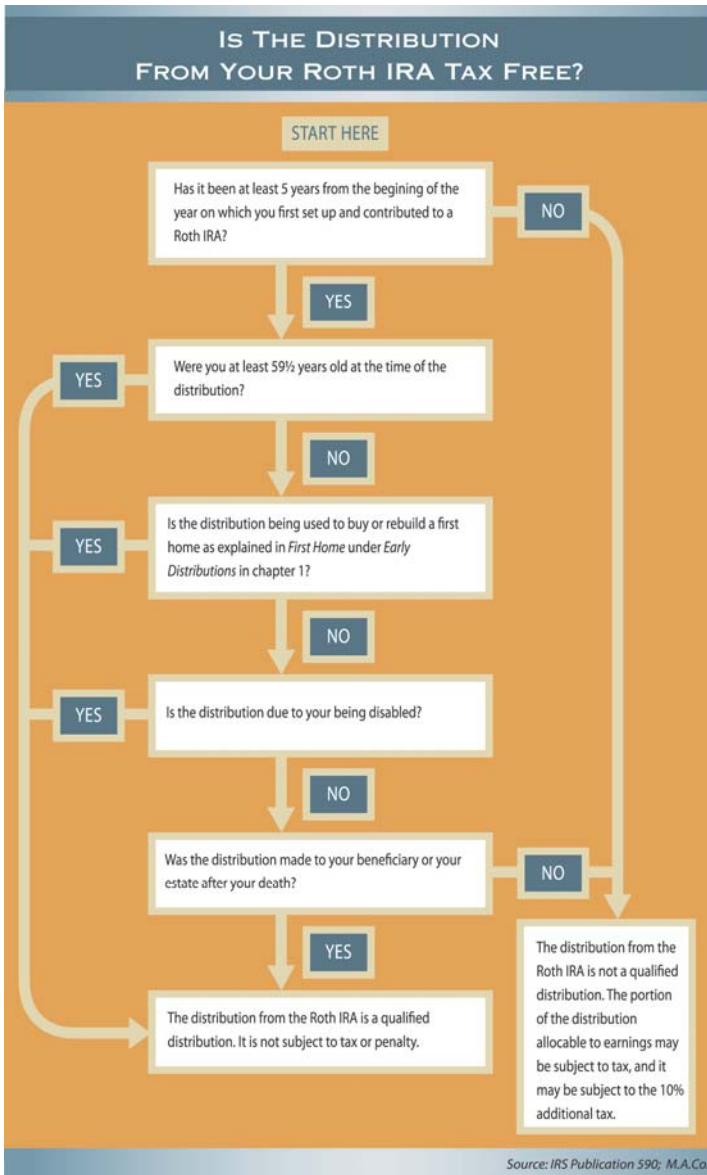


Tax-free retirement money.



The great advantage of the Roth IRA over the traditional IRA is the potential for complete tax freedom for one's savings. Note carefully the word "potential." The IRS has several hoops for taxpayers to jump through before tax freedom is achieved. The most important of these is a five-year waiting period. The hoops have been arranged into a convenient flowchart by the IRS in its Publication 590, *Individual Retirement Arrangements*. The illustration here is adapted from the IRS version.

Even if the conditions are not met, the taxpayer may not owe tax or penalties on a withdrawal from a Roth IRA. That's because withdrawals from ordinary Roth IRAs are treated first as a nontaxable return of after-tax contributions. However, an exception to this rule applies to Roth IRAs created by conversion from a traditional IRA or rollover from an employer's plan. In those cases penalties may be triggered for early withdrawals.

See your tax advisors to learn more about how these rules may apply to your situation.

If you are considering a change of advisors, and you are not already working with us, please consider putting us on your short list. We will be pleased to meet with you and present our qualifications. Give us a call today.

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