

Traditional and Roth IRAs

Did You Know?

IRAs account for over 30% of all assets held in retirement accounts today.¹

Key Benefits

Offering Traditional and Roth IRAs gives you the opportunity to:

- › Build stronger relationships with individuals by advising on retirement, as well as taxable assets
- › Help prospects and clients better prepare for retirement
- › Consolidate existing retirement assets into a single account

The Pershing advantage

Pershing, a BNY Mellon company, makes available Traditional and Roth IRAs—as well as a Mutual Fund Only IRA option with lower annual maintenance fees than a brokerage IRA for your clients who primarily invest in mutual funds. With Pershing's full breadth of IRAs, you can help prepare clients for retirement while capturing the opportunities of this growing portion of the retirement market.

Individual Retirement Accounts (IRAs) are a key building block for many investors' retirement plans—and can be critical to the success of your financial practice.

IRAs are tax-advantaged accounts that allow individuals to set aside money for retirement in addition to any 401(k)s or employer-sponsored plans to which they may contribute. Contributions to Traditional IRAs may be federal income tax-deductible, and account assets may grow on a federal income tax-deferred basis. Roth IRAs allow account assets to grow federal income tax-deferred, and earnings may be withdrawn federal income tax-free in retirement. However, there are income limits, and contributions are not tax-deductible.

Potential Candidates

Traditional IRAs	Roth IRAs
<p>This type of account may be right for individuals who:</p> <ul style="list-style-type: none">› Want to supplement their employer-sponsored retirement plans› Seek to maximize their federal income tax-deductible contributions (phase outs do apply)› Want to take advantage of federal income tax-deferred growth› Are under age 70½ with earned income› Understand they will need to take required minimum distributions (RMDs) after age 70½› Earn more than the income limits for Roth IRAs and want to make non-deductible IRA contributions	<p>This type of account may be right for individuals who:</p> <ul style="list-style-type: none">› Want to supplement their employer-sponsored retirement plans› Can afford to pay the taxes on contributions now in exchange for potentially federal income tax-free withdrawals later› Seek to maximize their tax-free earnings potential› Have Modified Adjusted Gross Income (MAGI) that does not exceed \$194,000 in 2016 and \$196,000 in 2017 (married filing jointly) or \$131,000 in 2016 and \$133,000 in 2017 (single)› Want to convert to a Roth IRA and are willing to pay taxes in the year of conversion (no income restrictions on conversions)

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Pershing Enables You To:

Expand the possibilities

- › 27,000 mutual funds from more than 800 fund families²
- › More than 7,000 no-transaction-fee options from more than 300 fund families¹
- › Exchange traded funds (ETFs) to meet the needs of even the most sophisticated investors

Simplify your life

- › Consolidate taxable and retirement assets onto one platform
- › Access the technology and tools to manage assets holistically, efficiently and cost effectively

Reinforce your value

- › Retain ownership and control over your client relationships
- › Use the tools and support to identify and capitalize on retirement opportunities

Rely on our strength

- › \$1.5 trillion in assets under custody³
- › \$362 billion in IRAs²
- › \$24 billion in employer sponsored plans²

² As of December 31, 2016

³ As of September 30, 2016

	Traditional IRAs	Roth IRAs
Eligibility	Individuals with earned income and non-working spouses who are not older than 70½ by December 31	Individuals and non-working spouses whose earned income and household income, respectively, does not exceed specific thresholds
Maximum Contribution	<ul style="list-style-type: none"> › For individuals below age 50 by December 31, \$5,500 for 2016 and 2017, limited by earned income › For individuals age 50 and over by December 31, \$6,500 (including a \$1,000 catch-up contribution), limited by earned income 	
Tax-Deferred Growth	Federal income tax-deferred growth	
Tax-Free Withdrawals	<ul style="list-style-type: none"> › Non-deductible contributions can be withdrawn federal income tax-free, otherwise ordinary income tax applies › Earnings cannot be withdrawn federal income tax-free › Individuals age 70½ or older may exclude, from gross income, up to \$100,000 in qualified charitable distributions 	<ul style="list-style-type: none"> › Contributions can always be withdrawn federal income tax-free › Earnings can be withdrawn federal income tax-free if owner is at least 59½ and account has been open at least five years
Penalty-Free Withdrawals	Contributions and earnings are penalty-free if the owner is 59½ or older, otherwise a 10% federal penalty tax applies unless an exception applies	<ul style="list-style-type: none"> › Contributions can always be withdrawn penalty-free › For earnings, there is no penalty tax if the owner is 59½ or older, otherwise a 10% federal penalty tax applies unless an exception applies
Required Minimum Distributions (RMDs)	The first RMD must occur no later than April 1 in the year following the year in which the owner reaches age 70½—all subsequent RMDs must be taken by December 31	No RMD is required during the account owner's lifetime; beneficiaries must take RMDs after the account owner's death

To learn more about Pershing's Retirement Solutions, visit pershing.com or Resources within NetX360®. To help compare and select IRAs, go to retirementpowerplay.com/essentials.

¹ Investment Company Institute, 2016 Investment Company Fact Book.

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Pershing does not provide tax or legal advice. Clients should be advised to consult with a legal or tax advisor about their individual circumstances before establishing a plan.



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