YOUR FINANCIAL FUTURE

Your Guide to Life Planning

October 2011

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In This Issue

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College Planning: Teach Your Children to Save

Being part of the college planning process can be very educational for children, as it presents them with valuable financial lessons for the future. Children can earn money, learn about sources of financial aid, research potential colleges, and take other steps that may relieve their parents of some of the responsibility of college planning. In addition, some experts believe that if children are actively involved in planning for their future, they may be more committed when entering college and ultimately have a more successful experience than they would have otherwise.

Get an Early Start

Most children don't make plans for their higher education until they are well into high school, but the foundation for saving and planning for college can take place much earlier. Many financial experts believe the best time to introduce children to college planning is when they are in the sixth, seventh, or eighth grade. During this time, you may want to initiate discussions about college and explain the importance of developing good study habits and getting involved in extracurricular activities -- to instill the idea that your family supports higher education.

You may also want to encourage your children to begin thinking about the career they would like to pursue, which is likely to influence their choice of college, as well as to establish a savings account that could be earmarked for education expenses. In addition, you can teach basic lessons about compounding, investing, and other money management issues.

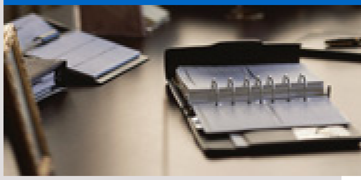
Take It to a Higher Gear in High School

By the time they reach high school, Many students are mature enough to plan for college at a deeper level, including the following.

- **Learning about college costs --** Students may gain a deeper appreciation of their family's financial sacrifices when they realize how expensive college is. They can learn about college costs from a number of sources, including the College Board (www.collegeboard.com) and the U.S. Department of Education (www.ed.gov).
- **Researching scholarships --** There are numerous Web sites with information about sources of financial aid. For example, www.fastweb.com and www.finaid.org contain search engines with data about thousands of scholarships with varying eligibility criteria. In addition, www.fafsa.ed.gov provides an overview of federal student aid programs. Also, local libraries and high school guidance offices may have information about state-sponsored aid programs and scholarships sponsored by local organizations.
- **Earning money --** High school students can set aside a portion of their wages from part-time or summer jobs for higher education expenses. Also, students may be able to obtain jobs that build on career interests as a way of solidifying their future plans.

- **Getting organized --** College planning encompasses numerous details, including visiting institutions that a student may want to attend, applying for financial aid, obtaining transcripts and letters of recommendation, and meeting deadlines. A high school student can take responsibility for making sure that important matters are tended to ahead of time. For example, if a student has a school vacation coming up, he or she could help organize a family trip to visit colleges of interest or spend some time completing college applications.

You and your prospective student may be able to think of more ideas that could add value to your family's efforts to save for a college education. Getting your budding scholar involved in the process -- financially and otherwise -- could ultimately be a pivotal lesson in responsibility that impacts his or her later success in life.



Five Reasons to Make an IRA Part of Your Planning Strategy

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There could be an important tool already in your portfolio that can help you save more for retirement. It's your IRA.
Nearly 50 million American households own an IRA, but it is often an overlooked component of most investors' financial planning strategies. In fact, over the past two years, only 15% of households that were eligible to contribute to an IRA did so.[1]

Have you forgotten your IRA? If you don't have one, should it be part of your overall investment plan? Here are some compelling reasons why this vehicle can help you plan for your future.

1. **Tax deferral:** Traditional IRAs allow your investment earnings to grow tax-deferred until withdrawn, typically at retirement. For 2011, the maximum contribution is $5,000, but for those aged 50 and over, the limit is $6,000. The limits are the same for a Roth IRA, but to be eligible to fully contribute, an investor must have a 2011 modified adjusted gross income of less than $107,000 for singles and $169,000 for married couples filing jointly. Singles earning up to $122,000 and couples earning up to $179,000 are eligible for partial contributions.
2. **Deductibility:** If you are a single taxpayer who doesn't participate in an employer-sponsored plan and you earn less than $56,000 in 2011, you can deduct your contributions to a traditional IRA off your income taxes. Couples earning under $90,000 are also eligible for a full deduction. Partial deduction limits also apply, up to $66,000 for singles and $110,000 for couples. Note that Roth IRA contributions are not deductible.
3. **Investment flexibility:** IRAs typically give investors access to a wider range of investment options than workplace-sponsored plans, such as a 401(k). Depending on the financial institution you use to open your account, you can invest in a broad array of mutual funds, ETFs, individual stocks and bonds, CDs, annuities, even commodities and real estate.
4. **Convertibility:** Traditional IRA holders can convert to a Roth IRA to enjoy some of the additional benefits listed below. But before you decide make a switch, be sure to investigate the tax consequences of such a move.
5. **Portability:** If you have assets in an employer-sponsored plan and you leave your job, you can easily roll over those assets into an IRA. Rolling over your assets can make sense, particularly if you change jobs frequently and don't want to devote too much time to coordinating and tracking your accounts.

Additional Benefits of Roth IRAs

- **Qualified tax-free withdrawals:** Since Roth IRAs are funded with after-tax dollars, your withdrawals are tax free, as long as you have held the account for at least five years and are over age 59 1/2.
- **No RMDs:** Unlike traditional IRAs, Roth IRAs are not subject to required minimum distributions (RMDs) once the accountholder reaches age 70 1/2.

Contact your financial professional to discuss a strategy for your IRA or to see if investing in an IRA makes sense for you.

[1]*Source: Investment Company Institute, The Role of IRAs in U.S. Households' Saving for Retirement, December 2010 (http://www.ici.org/pdf/fm-v19n8.pdf).*