

Stretch IRA / Roth Conversion Comparison Analysis

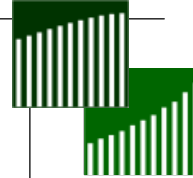
Phase 1

Income to match your lifestyle
and preserve your wealth



Phase 2

Continuing income for
spousal security and
independence



Prepared For :

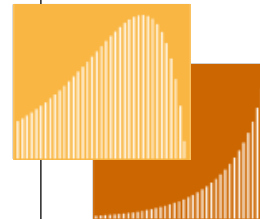
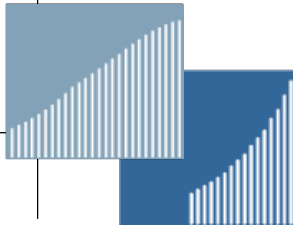
February 10, 2010

Prepared By :

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Phase 3

A legacy that passes to
the next generation



This information is hypothetical and is provided for informational purposes only. It is not intended to represent any specific return, yield, or investment, nor is it indicative of future results. Information provided by you has not been verified by our firm.

Contents & Disclosure

Table Of Contents

This illustration must contain the following:

Contents & Disclosure	2
Initial Information	3
Presentatation Disussion & Summary Graph	4
Comparative Summary Flow Chart	5
Comparative Client & Spouse Ledger	6 - 7
Detailed Ledgers	8 - 10

Important Disclosure Regarding Illustration of the "Roth Conversion"

The following are illustrations comparing the conversion of a deductible Traditional IRA into a Roth IRA. They provide only broad, general guidelines, that which may be helpful in shaping your thinking about whether to maintain a deductible Traditional IRA or convert all or a portion of a deductible Traditional IRA into a Roth IRA. The usefulness of this report depends upon the accuracy of data furnished by you. No legal or accounting advice is being rendered by this report or through any other oral or written communications. This report provides estimates based on our general understanding of current tax laws. Payment of income taxes due upon conversions to a Roth IRA may not be appropriate for all investors. Since our firm is not a tax or legal advisor please discuss legal and accounting matters directly with your tax and legal counselors in each of those areas and in light of your investment objectives, age, tax bracket, etc. Please contact your financial professional and/or tax advisor for more information on planning for retirement and to find out if a Roth Conversion may be suitable for your specific situation.

It is important to recognize that in computing and illustrating this hypothetical projection of the "Stretch Concept":

- i) This illustration assumes the original owner (and spouse if applicable) will have no need for income from the IRA in excess of the distribution amounts illustrated, before and/or during retirement.
- ii) This illustration assumes that all distributions are taken at year's end (12/31) by the client (and spouse if applicable) and that all beneficiaries take only the minimum distributions required by the IRS.
- iii) All projected figures assume the current tax law and IRA rules remain constant throughout. The impact of future changes in the tax law and IRA rules may have dramatic effects on the IRA balances, distributions and actual income taxes and estate taxes paid.

All rates of return are hypothetical and are not a guarantee of the future performance of any financial product. Income and capital projections assume investment returns net of fees and other expenses and are not product specific. In addition, income and capital projections reflect the impact of estimated federal and state income taxes when applicable. Many, but not all, states follow the federal rules regarding the deductibility of contributions and the taxability of distributions from IRAs. You must consult with your tax advisor regarding the specific rules applicable to your state of residence.

Please note that the results depicted in the illustrations are based on the specific assumptions you have provided. Any variation in the assumptions used, particularly with respect to the applicable tax rates during the accumulation and distribution periods, will cause significant variations in the illustrated results, and could materially impact the value of the illustration for comparative purposes.

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Initial Information & Assumptions

Analysis - Initial Data, Assumptions & Options

Analysis Info

Analysis Date : 03/03/2010
 2010 Conversion Date : 02/10/2010

Client Info

Name : Stretch Smith
 DOB / Age : 02/10/1970 / 40
 Retirement Age : 65
 Illustrate To Age/Yr. : 83 / 2053

Current - Pre-Retirement

@PV of 2010 Conversion & Tax Rate : \$30,030 (28.00%)
 @PV of 2010 (11/12) Conversion Tax & Rates : **\$23,931 (25.00% / 25.00%)**
 Traditional IRA & Roth IRA ROI : 6.00%
 Net Savings ROI : 5.00%

Account Balances (As of 02/10/2010)

Traditional IRA : \$100,000
 Savings : \$0

Spouse Info

Name : Susan Smith
 DOB / Age : 02/10/1975 / 35
 Illustrate To Age/Yr. : 83 / 2058

Post Conversion - Retirement / Beneficiary Period

Income Tax Rate : 15.00% / 20.00%
 Traditional & Roth ROI : 5.00% / 6.00%
 Net Savings ROI : 4.00% / 5.00%

Beneficiary Data

Name	DOB / Age	Benefit % / Initial IRA Allocation	Relationship
Cathleen	02/10/1975 / 35	25.00 % / \$25,000	Child
Paul	02/10/1980 / 30	25.00 % / \$25,000	Child
Vince	02/10/1989 / 21	50.00 % / \$50,000	Child

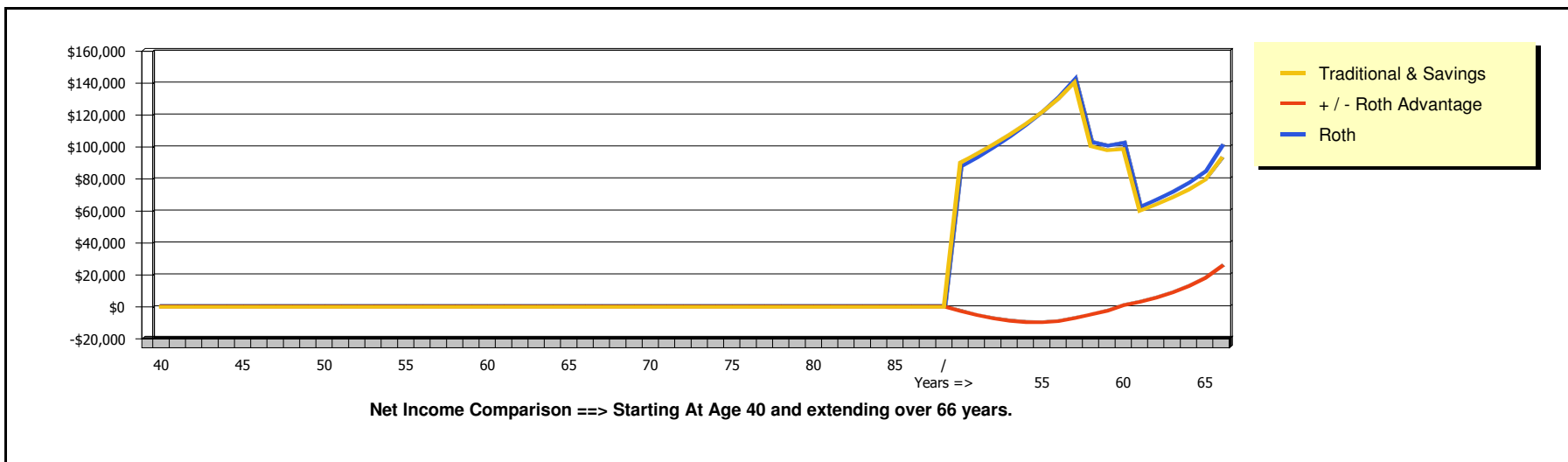
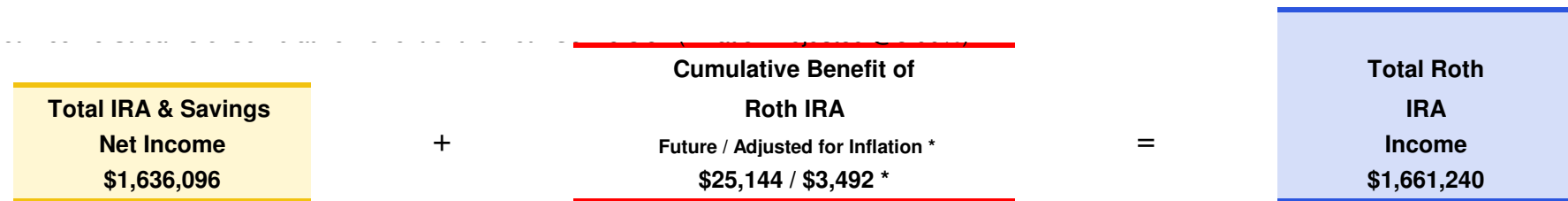
Discussion / Comparison Of Traditional IRA vs Roth Conversion Options

Explanation Of Presentation

Individual Retirement Accounts (IRAs) are designed primarily to provide retirement income benefits to its owner and in the case of a married couple, the owner and their spouse. Given the nature of the IRS distribution rules, the life expectancy tables that are used to meet these rules, and a very moderate IRA account growth rate, the actual retirement income needs (which may be small or none) do little to deplete the IRA account principle, and in the case of a Traditional IRA the additional savings account (Side Fund) where the excess required minimum distributions deposits are reinvested. Consequently, IRA accounts (and savings accounts) are left to heirs with considerable balances remaining. With proper planning and structure, the beneficiary's of the IRA can continue the yearly minimum required distributions based on their life expectancy. The extension of the IRA benefits across to a second generation is generally referred to as a "Stretching the IRA".

Given the Stretch scenario, there may be significant differences between the net benefits of the Traditional IRA & Roth IRA income streams provided to the second generation. The graphs below shows the net income streams and most significantly the inflation adjusted +/- cumulative benefit of the Roth IRA conversion over the continuation of the Traditional IRA. Please note the center values with both the future & inflation adjustment conversion benefit below.

Net Income Comparison - Traditional IRA & Savings vs Roth IRA (Conversion Taxes From IRA)



Stretch Flow Comparative Summary (Taxes From IRA)

Summary of IRA Activity: Stretch Smith & Beneficiaries

Stretch Smith		
	IRA & Savings	Roth IRA
Starting Balances :	\$100,000	\$76,069
Earnings :	\$931,501	\$743,811
Distributions :	\$378,990	\$0
Net To Spending :	\$0	\$0
Net To Savings :	\$322,142	\$0
Ending Balances :	\$974,652	\$819,881

Susan Smith		
	IRA & Savings	Roth IRA
Starting Balances :	\$974,652	\$819,881
Earnings :	\$239,688	\$226,518
Distributions :	\$157,343	\$0
Net To Spending :	\$0	\$0
Net To Savings :	\$133,741	\$0
Ending Balances :	\$1,190,739	\$1,046,398

Comparative Distribution Totals: Traditional IRA & Savings vs Converted Roth IRA Projected Beneficiary Distributions Starting In 2059

	% Alloc	Distributions Ages / To Year	IRA & Savings	Roth IRA	+/- Cumulative Benefit Of Roth IRA
Cathleen	25.00%	84 -- 92 / 2067	348,566	347,134	(1,432)
Paul	25.00%	79 -- 89 / 2069	377,224	379,087	1,864
Vince	50.00%	70 -- 86 / 2075	910,306	935,018	24,713
Totals	100.00%		\$1,636,096	\$1,661,240	\$25,144

Comparative Summary Income Ledger

Net Income Ledger (No Conversion vs Taxes From Savings vs 2010(11/12) Conversion Taxes From IRA)

Age / LX	No Conversion						2010 (11/12) Conversion		
	Traditional IRA			Savings			Roth IRA / Savings Conversion		
	Earnings	RMD	IRA Balance	Earnings	Net Deposit Of IRA RMD	Savings Balance	Earnings	Tax	Balance
02/10/2010			\$100,000			\$0			\$76,069
Conversion									\$23,931
40	5,342	0	105,342	0	0	0	4,064	0	80,133
10 RC Tax							1,278	0	25,209
41	6,321	0	111,663	0	0	0	4,808	0	84,941
11 RC Tax							1,513	12,500	12,972
42	6,700	0	118,363	0	0	0	5,096	0	90,038
12 RC Tax							778	12,500	0
43-45	22,609	0	140,972	0	0	0	17,199	0	107,236
46-50	47,680	0	188,652	0	0	0	36,270	0	143,507
51-55	63,807	0	252,459	0	0	0	48,538	0	192,044
56-60	85,388	0	337,848	0	0	0	64,954	0	256,998
61	20,271	0	358,118	0	0	0	15,420	0	272,418
62	21,487	0	379,606	0	0	0	16,345	0	288,763
63	22,776	0	402,382	0	0	0	17,326	0	306,089
64	24,143	0	426,525	0	0	0	18,365	0	324,455
65	21,326	0	447,851	0	0	0	16,223	0	340,677
66	22,393	0	470,244	0	0	0	17,034	0	357,711
67	23,512	0	493,756	0	0	0	17,886	0	375,597
68	24,688	0	518,444	0	0	0	18,780	0	394,377
69	25,922	0	544,366	0	0	0	19,719	0	414,095
70 / 27.4	27,218	19,867	551,717	0	16,887	16,887	20,705	0	434,800
71 / 26.5	27,586	20,819	558,483	675	17,697	35,259	21,740	0	456,540
72 / 25.6	27,924	21,816	564,591	1,410	18,543	55,213	22,827	0	479,367

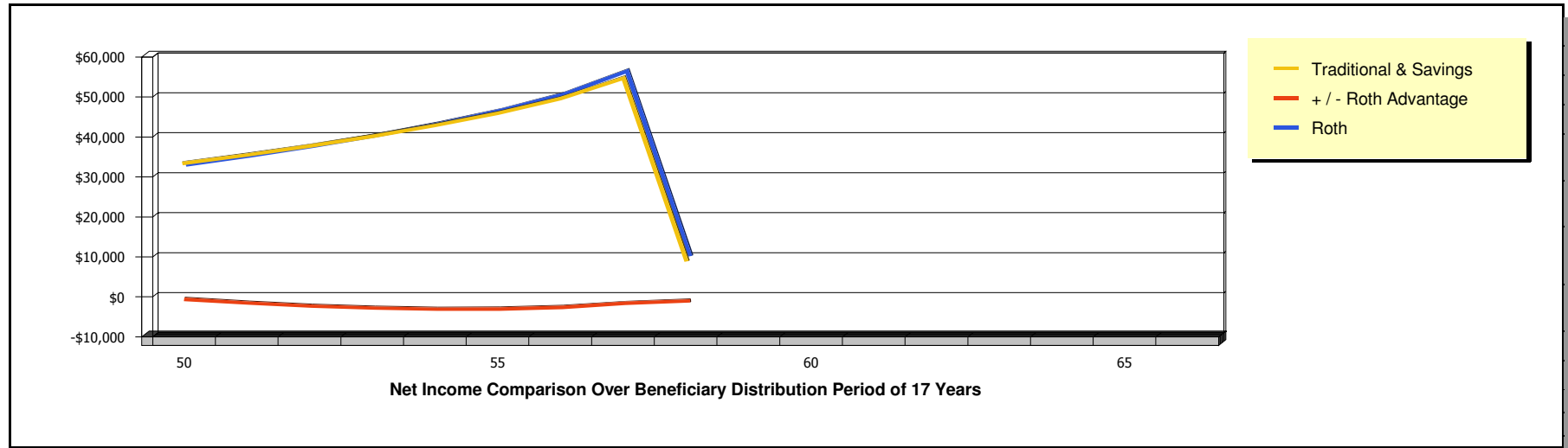
Comparative Summary Income Ledger Continued

Net Income Ledger (No Conversion vs Taxes From Savings vs 2010(11/12) Conversion Taxes From IRA)

Age / LX	No Conversion						2010 (11/12) Conversion		
	Traditional IRA			Savings			Roth IRA / Savings Conversion		
	Earnings	RMD	IRA Balance	Earnings	Net Deposit Of IRA RMD	Savings Balance	Earnings	Tax	Balance
73 / 24.7	28,230	22,858	569,963	2,209	19,429	76,851	23,968		503,336
74 / 23.8	28,498	23,948	574,513	3,074	20,356	100,281	25,167		528,502
75 / 22.9	28,726	25,088	578,151	4,011	21,325	125,617	26,425		554,927
76 / 22.0	28,908	26,280	580,779	5,025	22,338	152,979	27,746		582,674
77 / 21.2	29,039	27,395	582,423	6,119	23,286	182,384	29,134		611,807
78 / 20.3	29,121	28,691	582,853	7,295	24,387	214,067	30,590		642,398
79 / 19.5	29,143	29,890	582,106	8,563	25,406	248,036	32,120		674,518
80 / 18.7	29,105	31,129	580,082	9,921	26,459	284,416	33,726		708,244
81 / 17.9	29,004	32,407	576,680	11,377	27,546	323,339	35,412		743,656
82 / 17.1	28,834	33,724	571,790	12,934	28,665	364,938	37,183		780,839
83 / 16.3	28,589	35,079	565,300	14,598	29,817	409,353	39,042		819,881
79 / 19.5	28,265	28,990	564,575	16,374	24,641	450,368	40,994		860,875
80 / 18.7	28,229	30,191	562,613	18,015	25,663	494,045	43,044		903,918
81 / 17.9	28,131	31,431	559,313	19,762	26,716	540,523	45,196		949,114
82 / 17.1	27,966	32,708	554,570	21,621	27,802	589,946	47,456		996,570
83 / 16.3	27,728	34,023	548,276	23,598	28,919	642,463	49,828		1,046,398
	984,609	536,333		186,580	455,883		970,329		

Beneficiary Graph & Ledger of Traditional IRA vs Roth Conversion

Distributions For Cathleen - Starting Age of 84, Allocation of 25.00%

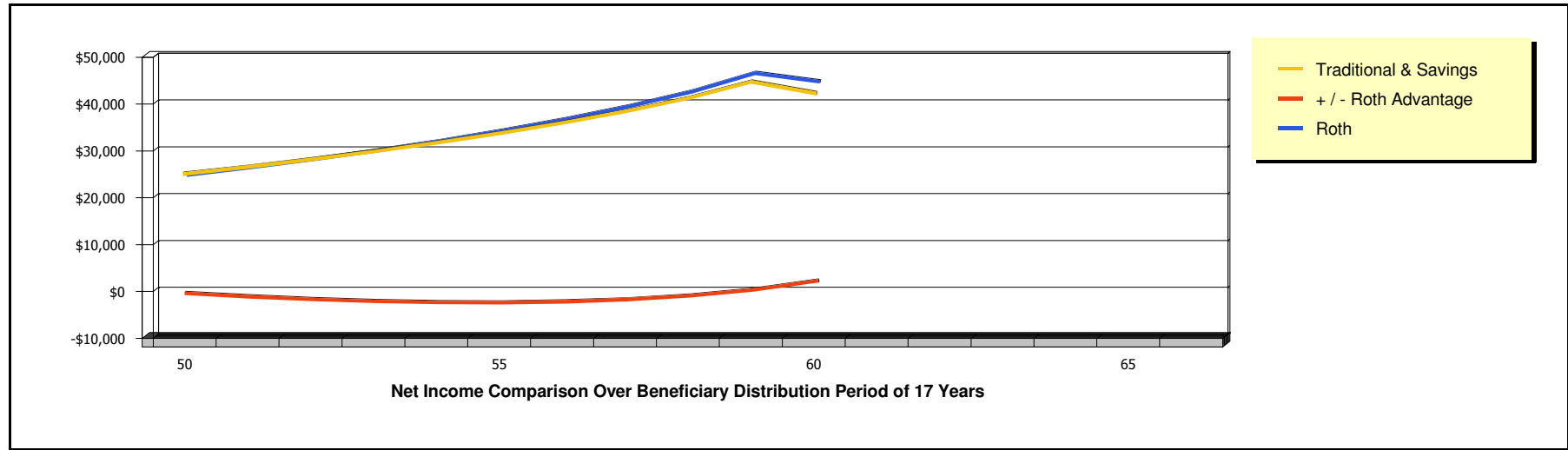


Comparative Detailed Beneficiary Distribution Ledger

Client Age / LX	No Conversion			2010 (11/12)			Roth IRA			
	Traditional IRA		Net IRA Balance	Savings		Roth IRA			+ / - Cumulative Benefit of Roth	
	Earnings	RMD		Earnings	Wthdws	Earnings	RMD	Balance		
12/31/2053			137,069					261,600		
84 / 8.1	8,224	16,922	128,371	8,031	19,829	148,818	15,696	32,296	244,999	(1,071)
85 / 7.1	7,702	18,080	117,993	7,441	20,960	135,298	14,700	34,507	225,192	(1,988)
86 / 6.1	7,080	19,343	105,729	6,765	22,180	119,883	13,512	36,917	201,787	(2,726)
87 / 5.1	6,344	20,731	91,342	5,994	23,506	102,371	12,107	39,566	174,328	(3,251)
88 / 4.1	5,481	22,278	74,544	5,119	24,968	82,521	10,460	42,519	142,269	(3,523)
89 / 3.1	4,473	24,046	54,970	4,126	26,620	60,027	8,536	45,893	104,912	(3,487)
90 / 2.1	3,298	26,176	32,092	3,001	28,584	34,444	6,295	49,958	61,249	(3,054)
91 / 1.1	1,926	29,175	23,340	1,722	31,313	4,854	3,675	55,680	9,243	(2,026)
92 / 0.1	291	5,134	0	243	5,096	0	555	9,798	0	(1,432)
	44,817	181,886	145,509	42,442	203,057		85,535	347,134		

Beneficiary Graph & Ledger of Traditional IRA vs Roth Conversion

Distributions For Paul - Starting Age of 79, Allocation of 25.00%

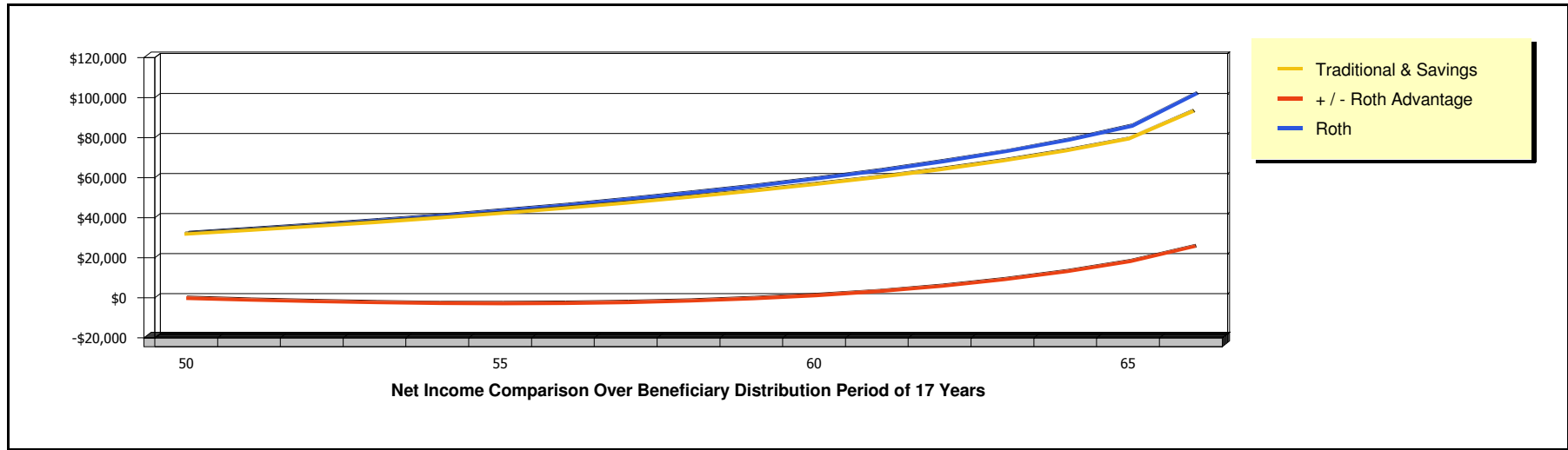


Comparative Detailed Beneficiary Distribution Ledger

Client Age / LX	No Conversion			Savings			2010 (11/12) Roth IRA			Roth IRA	
	Traditional IRA		IRA	Savings		Roth IRA			+ / - Cumulative		
	Earnings	RMD	Net Income	Balance	Earnings	Wthdws	Balance	Earnings	RMD	Balance	Benefit of Roth
12/31/2053				137,069			160,616			261,600	
79 / 10.8	8,224	12,692	10,153	132,601	8,031	14,872	153,775	15,696	24,222	253,073	(803)
80 / 9.8	7,956	13,531	10,825	127,027	7,689	15,691	145,772	15,184	25,824	242,434	(1,495)
81 / 8.8	7,622	14,435	11,548	120,214	7,289	16,565	136,496	14,546	27,549	229,431	(2,059)
82 / 7.8	7,213	15,412	12,330	112,014	6,825	17,499	125,821	13,766	29,414	213,782	(2,473)
83 / 6.8	6,721	16,473	13,178	102,263	6,291	18,503	113,609	12,827	31,439	195,171	(2,716)
84 / 5.8	6,136	17,631	14,105	90,767	5,680	19,588	99,702	11,710	33,650	173,231	(2,759)
85 / 4.8	5,446	18,910	15,128	77,303	4,985	20,771	83,916	10,394	36,090	147,535	(2,568)
86 / 3.8	4,638	20,343	16,274	61,598	4,196	22,083	66,028	8,852	38,825	117,562	(2,101)
87 / 2.8	3,696	21,999	17,600	43,295	3,301	23,582	45,748	7,054	41,986	82,629	(1,295)
88 / 1.8	2,598	24,053	19,242	21,840	2,287	25,416	22,620	4,958	45,905	41,682	(48)
89 / 0.8	1,310	23,150	18,520	0	1,131	23,751	0	2,501	44,183	0	1,864
	61,559	198,628	158,903		57,705	218,321		117,488	379,087		

Beneficiary Graph & Ledger of Traditional IRA vs Roth Conversion

Distributions For Vince - Starting Age of 70, Allocation of 50.00%



Comparative Detailed Beneficiary Distribution Ledger

Client Age / LX	No Conversion			2010 (11/12)			Roth IRA				
	Traditional IRA		Net Income	Savings		Roth IRA			+ / - Cumulative Benefit of Roth		
	Earnings	RMD		Earnings	Wthdws	Earnings	RMD	Balance			
12/31/2053			274,138					523,199			
70 / 17.0	16,448	16,126	12,901	274,460	16,062	18,896	318,397	31,392	30,776	523,815	(1,020)
71 / 16.0	16,468	17,154	13,723	273,774	15,920	19,900	314,417	31,429	32,738	522,505	(1,905)
72 / 15.0	16,426	18,252	14,601	271,949	15,721	20,961	309,177	31,350	34,834	519,022	(2,633)
73 / 14.0	16,317	19,425	15,540	268,841	15,459	22,084	302,552	31,141	37,073	513,090	(3,184)
74 To 83	134,553	281,796	225,437	88,361	121,029	300,873	87,941	256,798	537,815	168,640	8,321
84 / 3.0	7,296	40,533	32,426	88,361	6,135	40,903	87,941	13,924	77,358	168,640	12,350
85 / 2.0	5,302	44,181	35,344	49,482	4,397	43,970	48,367	10,118	84,320	94,438	17,355
86 / 1.0	2,969	52,451	41,961	0	2,418	50,786	0	5,666	100,104	0	24,713
	215,779	489,916	391,933		197,141	518,373		286,507	935,018		