

Stretch IRA / Roth Conversion Comparison Analysis

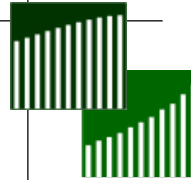
Phase 1

Income to match your lifestyle and preserve your wealth



Phase 2

Continuing income for spousal security and independence



Prepared For : _____

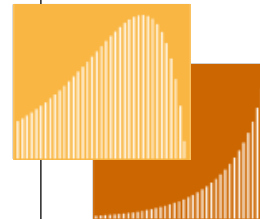
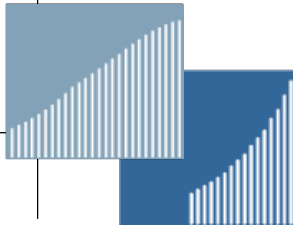
January 06, 2012

Prepared By : _____

Financial Analyst
First Financial of Sewickley

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
Comparative Graphs of Traditional IRA vs Roth Conversion	4 - 5
Comparative Summary Flow Chart	6
Comparative Summary Income Ledger	7 - 8
Beneficiary Ledgers - Comparative Detail	9 - 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.

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.

Initial Information & Assumptions

Analysis - Initial Data, Assumptions & Options

Analysis Info

Analysis Date : 01/06/2012
 2012 Conversion Date : 01/06/2012

Client Info

Name : Joe Sample
 DOB / Age : 05/09/1947 / 65
 Retirement Age : 66
 Illustrate To Age/Yr. : 86 / 2033

Current - Pre-Retirement

@PV of 2012 Conversion & Tax Rate : **\$54,386 (28.00%)**
 Traditional IRA & Roth IRA ROI : 6.00%
 Net Savings ROI : 4.00%

Account Balances (As of 01/06/2012)

Traditional IRA : \$200,000
 Savings : \$54,386

Spouse Info

Name : Jane Sample
 DOB / Age : 01/04/1952 / 60
 Illustrate To Age/Yr. : 85 / 2037

Post Conversion - Retirement / Beneficiary Period

Income Tax Rate : 15.00% / 0.00%
 Traditional & Roth ROI : 5.00% / 0.00%
 Net Savings ROI : 3.00% / 0.00%

Beneficiary Data

Name	DOB / Age	Benefit % / Initial IRA Allocation	Relationship
Tom Sample	07/22/1972 / 40	50.00 % / \$100,000	Child
Kim Sample	05/15/1995 / 17	50.00 % / \$100,000	Grandchild

Discussion / Comparison Of Traditional IRA vs Roth Conversion Options

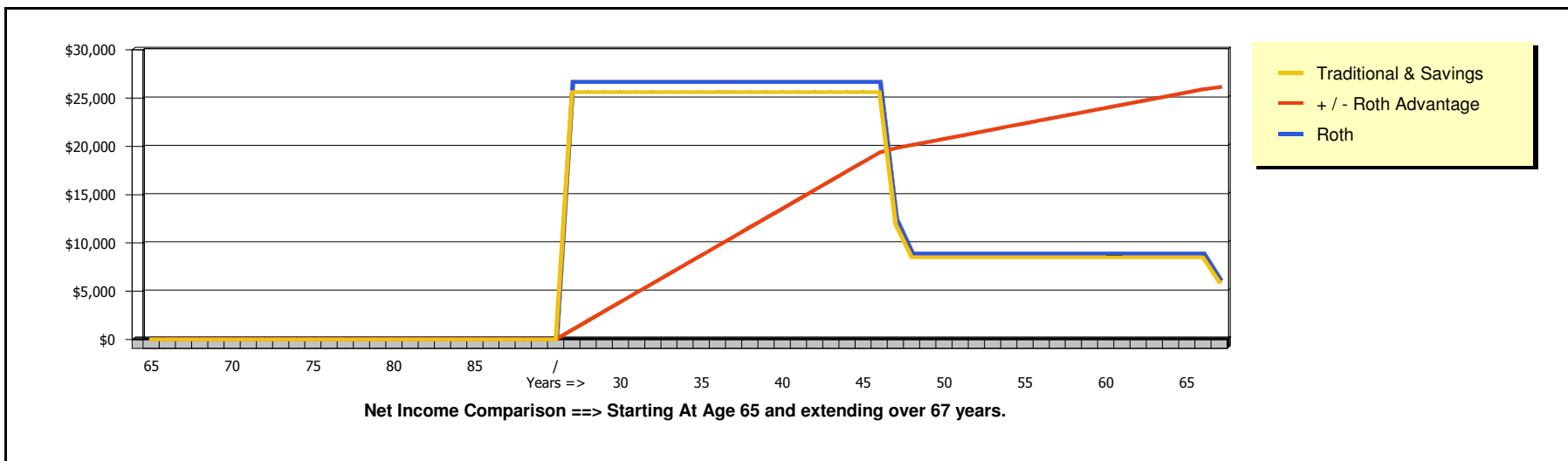
Explanation Of Presentation

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 graph 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.

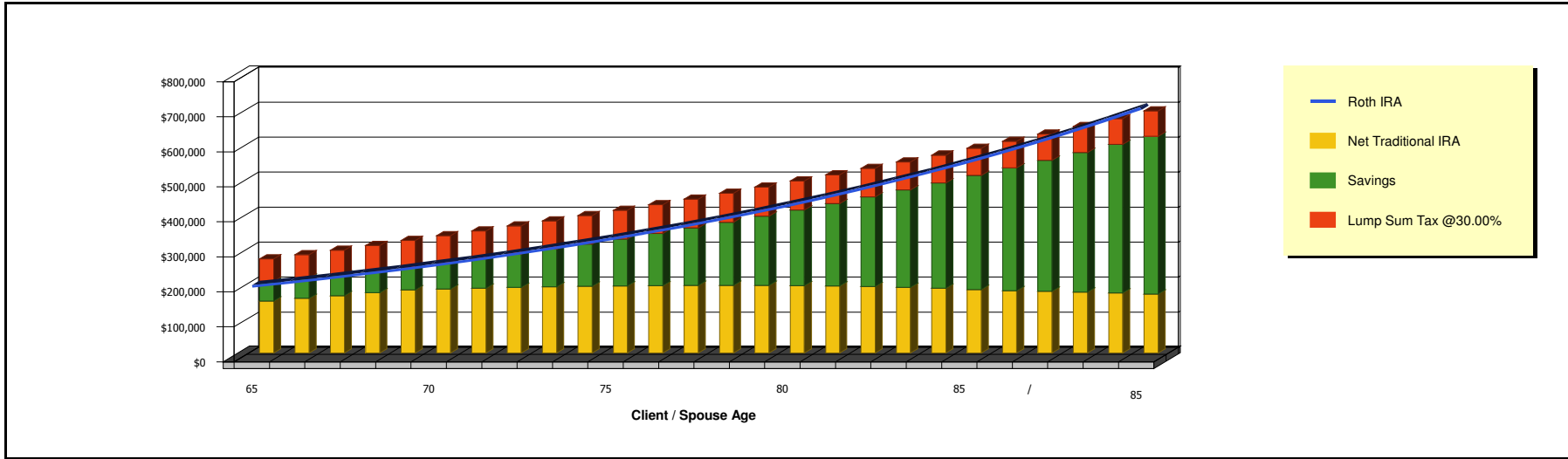
Net Income Comparison - Traditional IRA & Savings vs Roth IRA (Conversion Taxes From Savings)

Total IRA & Savings Net Income \$691,377	+	Cumulative Benefit of Roth IRA Future / Adjusted for Inflation * \$26,085 / \$8,191 *	=	Total Roth IRA Income \$717,462
--	---	--	---	---

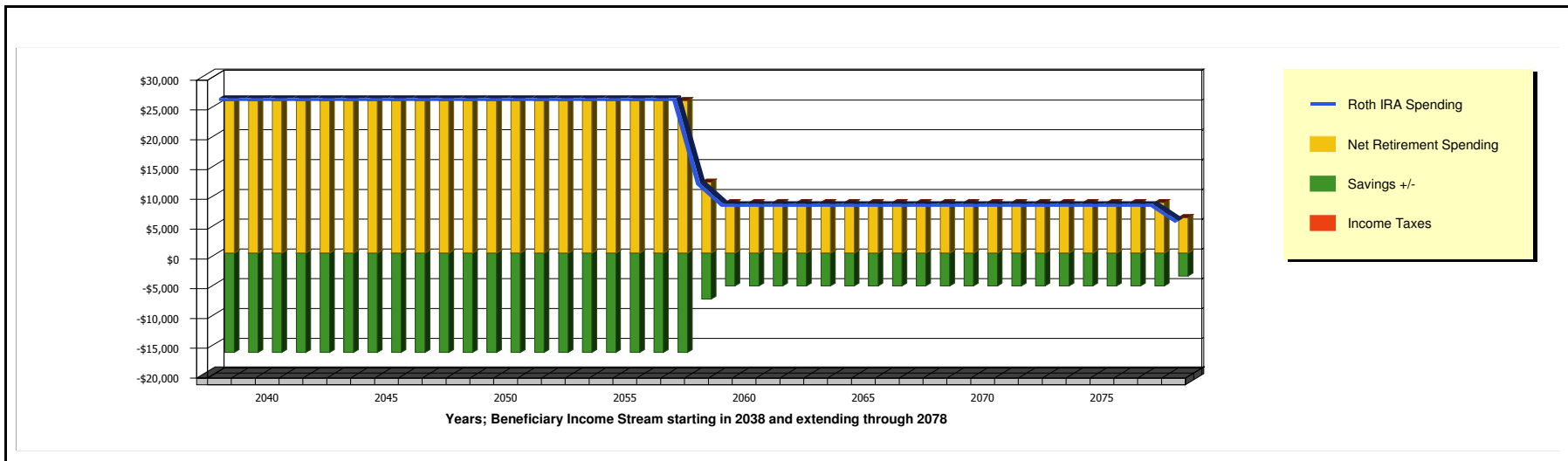


Comparison Of Traditional IRA vs Roth Conversion Options

Retirement Account Balance Comparison



Beneficiary Net Income Stream Comparison



Stretch Flow Comparative Summary (Taxes From Savings)

Summary of IRA Activity: Joe Sample & Beneficiaries

Joe Sample ==> Activity 2012 To 2033

	IRA & Savings	Roth IRA
Starting Balances :	\$254,386	\$200,000
Earnings :	\$384,985	\$390,258
Distributions :	\$232,716	\$0
Net To Spending :	\$0	\$0
Net To Savings :	\$197,809	\$0
Ending Balances :	\$604,464	\$590,258

Jane Sample ==> Activity 2034 To 2037

	IRA & Savings	Roth IRA
Starting Balances :	\$604,464	\$590,258
Earnings :	\$96,337	\$127,204
Distributions :	\$62,824	\$0
Net To Spending :	\$0	\$0
Net To Savings :	\$53,400	\$0
Ending Balances :	\$691,377	\$717,462

Comparative Distribution Totals: Traditional IRA & Savings vs Converted Roth IRA Projected Beneficiary Distributions Starting In 2038

	% Alloc	Distributions Ages / To Year	IRA & Savings	Roth IRA	+/- Cumulative Benefit Of Roth IRA
Tom Sample	50.00%	66 -- 86 / 2058	345,688	358,731	13,043
Kim Sample	50.00%	43 -- 83 / 2078	345,688	358,731	13,043

Totals	100.00%		\$691,377	\$717,462	\$26,085
---------------	----------------	--	------------------	------------------	-----------------

Comparative Summary Income Ledger

Net Income Ledger (No Conversion vs 2012 Conversion Taxes From Savings)

Age / LX	No Conversion						2012 Conversion		
	Traditional IRA			Savings			Roth IRA / Savings Conversion		
	Earnings	RMD	IRA Balance	Earnings	Net Deposit Of IRA RMD	Savings Balance	Earnings	Tax	Balance
01/06/2012			\$200,000			\$54,386			\$200,000
Conversion									\$54,386
65	11,868	0	211,868	2,152	0	56,538	11,868		211,868
12 RC Tax							1,614	56,000	0
66	10,593	0	222,462	1,696	0	58,234	10,593		222,462
67	11,123	0	233,585	1,747	0	59,981	11,123		233,585
68	11,679	0	245,264	1,799	0	61,780	11,679		245,264
69	12,263	0	257,527	1,853	0	63,634	12,263		257,527
70 / 27.4	12,876	9,399	261,005	1,909	7,989	73,532	12,876		270,404
71 / 26.5	13,050	9,849	264,206	2,206	8,372	84,110	13,520		283,924
72 / 25.6	13,210	10,321	267,096	2,523	8,772	95,405	14,196		298,120
73 / 24.7	13,355	10,814	269,637	2,862	9,192	107,459	14,906		313,026
74 / 23.8	13,482	11,329	271,790	3,224	9,630	120,313	15,651		328,678
75 / 22.9	13,589	11,869	273,510	3,609	10,088	134,011	16,434		345,111
76 / 22.0	13,676	12,432	274,754	4,020	10,567	148,598	17,256		362,367
77 / 21.2	13,738	12,960	275,531	4,458	11,016	164,072	18,118		380,485
78 / 20.3	13,777	13,573	275,735	4,922	11,537	180,532	19,024		399,510
79 / 19.5	13,787	14,140	275,381	5,416	12,019	197,967	19,975		419,485
80 / 18.7	13,769	14,726	274,424	5,939	12,517	216,423	20,974		440,459
81 / 17.9	13,721	15,331	272,814	6,493	13,031	235,947	22,023		462,482
82 / 17.1	13,641	15,954	270,501	7,078	13,561	256,586	23,124		485,606
83 / 16.3	13,525	16,595	267,431	7,698	14,106	278,390	24,280		509,887
84 / 15.5	13,372	17,254	263,549	8,352	14,666	301,407	25,494		535,381
85 / 14.8	13,177	17,807	258,919	9,042	15,136	325,586	26,769		562,150
86 / 14.1	12,946	18,363	253,502	9,768	15,609	350,962	28,108		590,258
82 / 17.1	12,675	14,825	251,352	10,529	12,601	374,092	29,513		619,771
83 / 16.3	12,568	15,420	248,500	11,223	13,107	398,422	30,989		650,759

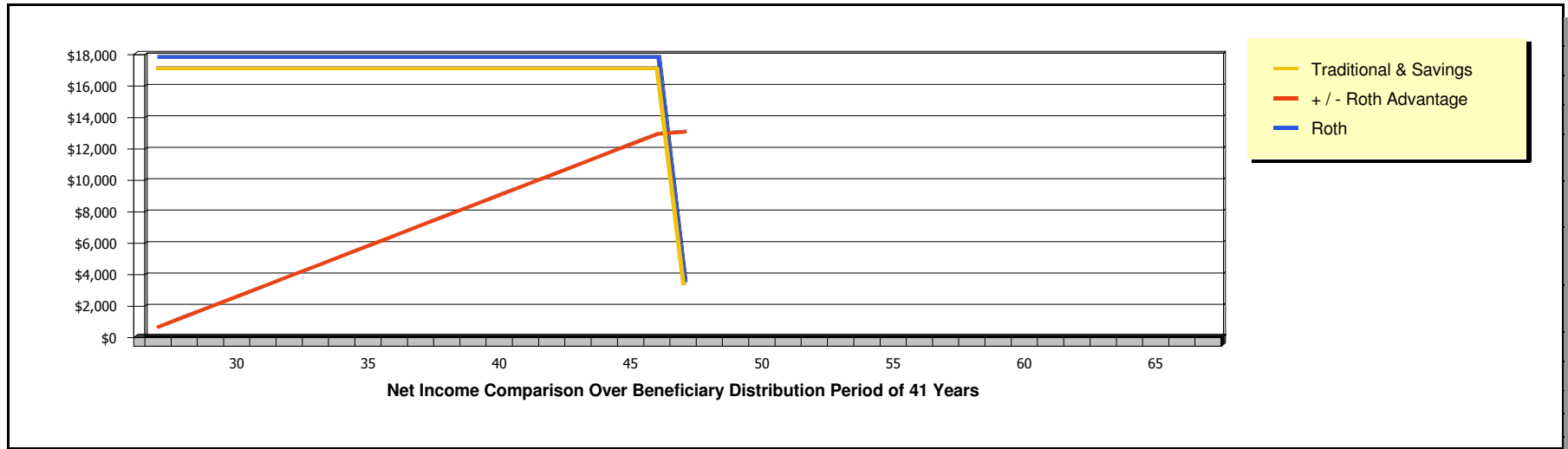
Comparative Summary Income Ledger Continued

Net Income Ledger (No Conversion vs 2012 Conversion Taxes From Savings)

Age / LX	No Conversion						2012 Conversion		
	Traditional IRA			Savings			Roth IRA / Savings Conversion		
	Earnings	RMD	IRA Balance	Earnings	Net Deposit Of IRA RMD	Savings Balance	Earnings	Tax	Balance
84 / 15.5	12,425	16,032	244,892	11,953	13,627	424,002	32,538		683,297
85 / 14.8	12,245	16,547	240,590	12,720	14,065	450,787	34,165		717,462
	336,130	295,540		145,191	251,209		517,462		

Beneficiary Graph & Ledger of Traditional IRA vs Roth Conversion

Distributions For Tom Sample - Starting Age of 66, Allocation of 50.00%

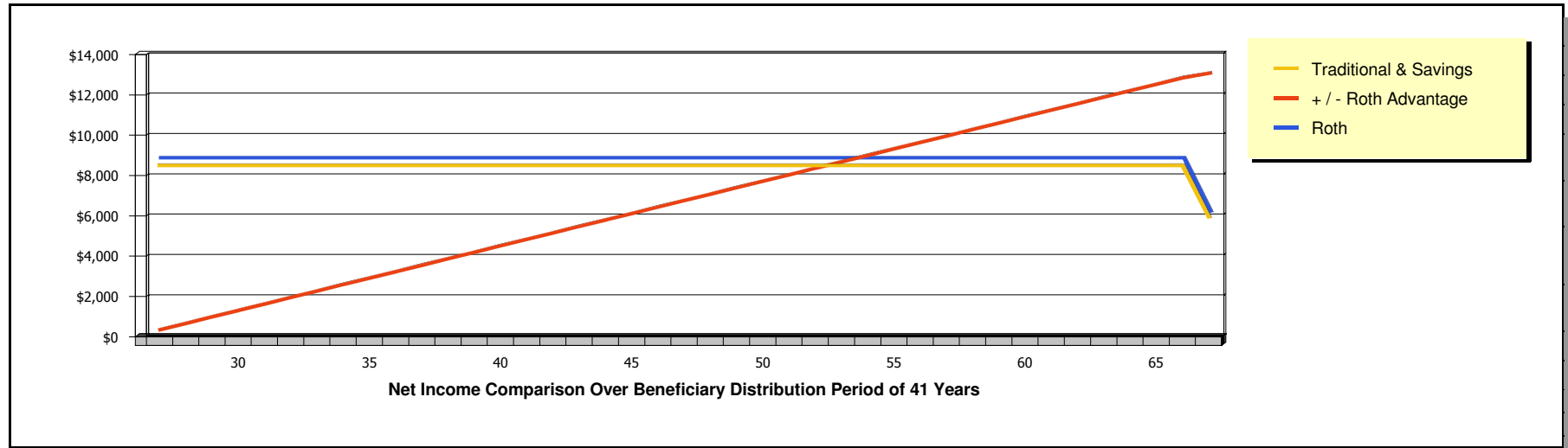


Comparative Detailed Beneficiary Distribution Ledger

Client Age / LX	No Conversion						2012 Conversion			Roth IRA	
	Traditional IRA			Savings			Roth IRA			+ / - Cumulative Benefit of Roth	
	Earnings	RMD	Net Income	IRA Balance	Earnings	Wthdws	Savings Balance	Earnings	RMD		Balance
12/31/2037				120,295			225,393			358,731	
66 / 20.2	0	5,955	5,955	114,340	0	11,158	214,235	0	17,759	340,972	646
67 / 19.2	0	5,955	5,955	108,385	0	11,158	203,077	0	17,759	323,213	1,291
68 / 18.2	0	5,955	5,955	102,429	0	11,158	191,919	0	17,759	305,454	1,937
69 / 17.2	0	5,955	5,955	96,474	0	11,158	180,761	0	17,759	287,695	2,583
70 To 82	0	77,418	77,418	13,101	0	145,055	24,548	0	230,866	39,070	10,976
83 / 3.2	0	5,955	5,955	13,101	0	11,158	24,548	0	17,759	39,070	11,622
84 / 2.2	0	5,955	5,955	7,146	0	11,158	13,390	0	17,759	21,311	12,268
85 / 1.2	0	5,955	5,955	1,191	0	11,158	2,232	0	17,759	3,552	12,913
86 / 0.2	0	1,191	1,191	0	0	2,232	0	0	3,552	0	13,043
	0	120,295	120,295		0	225,393		0	358,731		

Beneficiary Graph & Ledger of Traditional IRA vs Roth Conversion

Distributions For Kim Sample - Starting Age of 43, Allocation of 50.00%



Comparative Detailed Beneficiary Distribution Ledger

Client Age / LX	No Conversion				2012 Conversion			Roth IRA			
	Traditional IRA		Savings		Roth IRA			+ / - Cumulative Benefit of Roth			
	Earnings	RMD	Net Income	IRA Balance	Earnings	Wthdws	Savings Balance	Earnings	RMD	Balance	
12/31/2037				120,295			225,393			358,731	
43 / 40.7	0	2,956	2,956	117,339	0	5,538	219,855	0	8,814	349,917	320
44 / 39.7	0	2,956	2,956	114,384	0	5,538	214,317	0	8,814	341,103	641
45 / 38.7	0	2,956	2,956	111,428	0	5,538	208,780	0	8,814	332,289	961
46 / 37.7	0	2,956	2,956	108,472	0	5,538	203,242	0	8,814	323,475	1,282
47 To 79	0	97,537	97,537	7,980	0	182,751	14,952	0	290,863	23,798	11,857
80 / 3.7	0	2,956	2,956	7,980	0	5,538	14,952	0	8,814	23,798	12,177
81 / 2.7	0	2,956	2,956	5,025	0	5,538	9,414	0	8,814	14,984	12,498
82 / 1.7	0	2,956	2,956	2,069	0	5,538	3,877	0	8,814	6,170	12,818
83 / 0.7	0	2,069	2,069	0	0	3,877	0	0	6,170	0	13,043
	0	120,295	120,295		0	225,393		0	358,731		