

The Pension Protection Act of 2006 and you

On August 17th, 2006, President George W. Bush signed this bill into law. The central focus of the PPA (Pension Protection Act of 2006) is to strengthen traditional pension plans and make permanent some tax law changes that were established in 2001. We'll highlight some of the main points for investors like you, and how you might be affected.

Enhancements to IRA's

- Starting in 2007, you have the option to deposit portions of your federal tax refund directly to an IRA.
- Beginning in 2008, you can roll over 401(k) plan assets directly into a Roth IRA. Currently, you have to move it to a Traditional IRA first.
- In 2010, it may be possible for you to convert some workplace savings plans or Traditional IRA assets into a Roth IRA, regardless

of how much money you make.

- If you're 70 ½ or older, you can make a tax-free donation directly from an IRA to a tax-exempt charity.

401(k) and IRA Contributions

- In 2006 and 2007 IRA contribution limits are \$4,000 and \$5,000 in 2008. These limits will be higher in subsequent years to reflect inflation.
- If you are age 50 or older, the "catch-up" provision allows you to save an additional \$1,000 each year.
- The 401(k) contribution limit is \$15,000 and if you're over 50, an additional \$5,000 this year is allowed and may be increased in the future.

Improvements to 401(k)s and pension plans

- Another benefit to investors is that it allows 401(k) or similar plan providers to offer employees

face-to-face, personally tailored investment advice to help manage their retirement savings.

- It also makes it easier for employees to automatically enroll in an employer sponsored plan. It's estimated that millions of workers are eligible, but have not yet enrolled.
- The PPA makes it easier for employers to establish Roth 401(k)s, giving employees another option to save for retirement.

The Pension Protection Act of 2006 will affect some investors more than others. Ask your advisor to review your personal situation and how you might take advantage of the new changes.

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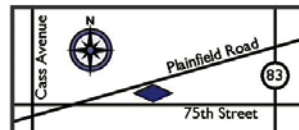
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