WELLS FARGO Advisors

# A guide to Individual Retirement Accounts

An Individual Retirement Account (IRA) can be an important part of your personal retirement savings plan. The information in this guide provides an overview of IRAs including tax benefits and considerations, eligibility and contribution limits, and distribution rules.

## What you should know about IRAs

IRAs allow you to save for retirement and take advantage of tax benefits. Even if you already participate in a qualified employer sponsored retirement plan (QRP) such as a 401(k), 403(b), or governmental 457(b), consider investing in an IRA to help supplement these savings.

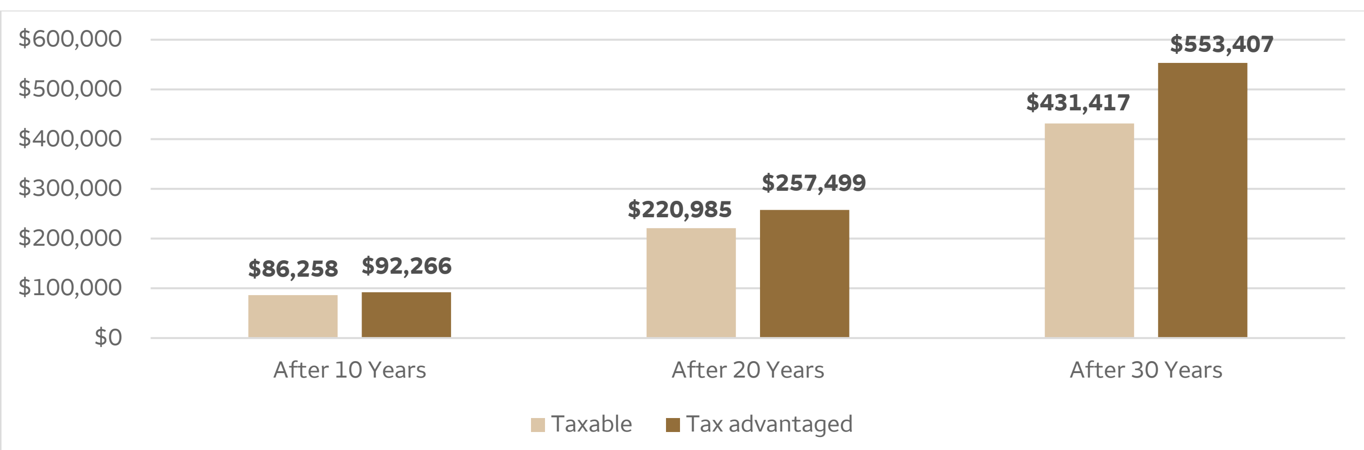
Similar to QRPs, investment earnings in a Traditional IRA are not taxed until you begin making distributions. This feature allows you to potentially accumulate retirement savings faster than you would in a taxable account.

## Tax advantages increase earning potential

IRAs offer the potential for growth in a tax-advantaged account. Over time, that can make a significant difference in your retirement savings.

This hypothetical example assumes an annual fixed rate of return of 6% and a 24% cumulative tax rate with $7,000 annual contributions and taxes in the taxable account paid annually. This example does not consider the advantage of deductible contributions. The growth of the tax-deferred account is before-tax, and distributions are subject to ordinary income tax and may be subject to an IRS 10% additional tax if taken prior to age 59½. This hypothetical example does not represent the returns of any particular investment and should not be used to predict or project performance.

**Hypothetical value of $7,000 annual contributions over 30 years**



There is no guarantee you will earn 6% on investments and your account value may fluctuate over time. Investing involves risk, including the possible loss of principal. It assumes all earnings are reinvested and does not include transaction costs, fees, or expenses associated with the account or any individual investment made in the account. If the potential expenses of the hypothetical investment had been reflected, the ending value of the tax-deferred investment could be lower.

Lower tax rates on capital gains and dividends could make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts shown.

Changes in tax rates and tax treatment of investment earnings may impact the comparative results. You should consider your personal investment horizon and income tax bracket, both current and anticipated, when making an investment decision as these may further impact the results of the comparison. Wells Fargo Advisors does not provide tax or legal advice. Please see your tax and legal advisors for guidance.

# Traditional and Roth IRAs

There are two main types of IRAs—Traditional and Roth—each with distinct features.

**Traditional IRA** — offers *tax-deferred* growth potential. Tax deductible contributions and any earnings are subject to ordinary income tax when distributed from a Traditional IRA, presumably in retirement.[1] Additionally, depending on your income and if you are covered by a QRP, your contribution may be tax deductible. You can contribute even if you don't qualify for the deduction. Traditional IRA contributions can be made at any age as long as you have earned income.

**Roth IRA** — offers *tax-free* growth potential. Investment earnings are distributed tax-free in retirement, if the account was funded for more than five years **and** you are at least age 59½, or as a result of your disability, or using the first-time homebuyer exception or taken by your beneficiaries due to your death. Since contributions to a Roth IRA are made with after-tax dollars, there is no tax deduction regardless of income. You, and your spouse, if filing jointly, are not eligible to contribute to a Roth IRA if your income meets or exceeds the modified adjusted gross income (MAGI) limit.

# Comparing your IRA choices

## Traditional IRA

### Tax benefits

- Tax-deferred growth potential
- Contributions may be tax-deductible subject to MAGI limits below

### Eligibility

- There is no maximum age restriction for making a Traditional IRA contribution as long as you have earned income
- Your non-working spouse is eligible, if you file a joint tax return no matter their age

### Did you know . . .

You can make a non-deductible contribution to a Traditional IRA even if your income exceeds deductibility limits?

### Deduction of contributions – 2025

- Full deduction if you and your spouse are not covered[2] by a workplace retirement plan (WRP), such as a 401(k), 403(b), SEP, or SIMPLE IRA, regardless of income

[1] Traditional IRA distributions are taxed as ordinary income. Qualified Roth IRA distributions are not subject to state and local taxation in most states. Qualified Roth IRA distributions are also federally tax-free, provided a Roth IRA has been funded for more than five years and the owner has reached age 59½, or disabled, or using the first-time home buyer exception, or taken by their beneficiaries due to their death. Both may be subject to a 10% additional tax if distributions are taken prior to age 59½.

**If you and/or your spouse are covered[2] by a WRP, deductions are phased out based upon MAGI:**

| Single/HH[3] | Married/joint | Married/separate[4] | Deduction |
|---|---|---|---|
| Up to $79,000 | Up to $126,000 | N/A | Full |
| $79,000 – $89,000 | $126,000 – $146,000 | Up to $10,000 | Partial |
| $89,000 or more | $146,000 or more | $10,000 or more | None |

**If your spouse is covered[2] by a WRP but you are not, MAGI phase-out range for deductibility for you is:**

| Single/HH[3] | Married/joint | Married/separate[4] |
|---|---|---|
| Up to $236,000 | N/A | Full |
| $236,000 – $246,000 | Up to $10,000 | Partial |
| $246,000 or more | $10,000 or more | None |

[2] The "Retirement Plan" box in Box 13 of your W-2 tax form should be checked if you were covered by a WRP.
[3] HH stands for Head of Household.
[4] Your filing status is considered single for IRA contribution purposes if you did not live with your spouse during the tax year.

**Contribution limits**

Lesser of 100% of earned income or for 2025, $7,000 (per individual if under age 50) or $8,000 (per individual if age 50 or older within a particular tax year). Traditional and Roth IRA contributions are aggregated. April 15, 2026, is the deadline for the 2025 tax year. Contributions must be made in cash, check, or money order. Contributions cannot be made in-kind, i.e., securities, property.

**Required minimum distributions (RMDs)**

Required Minimum Distributions (RMDs) for Traditional, SEP, and SIMPLE IRAs begin by your Required Beginning Date (RBD), which is generally April 1 following the year you turn age 73.

**Taxes on distributions**

- Failure to take your RMD on time or in the right amount may subject you to an IRS 25% excise tax. This tax can be reduced to 10% if corrected within two years from the date the tax is imposed.
- Before-tax contributions and any earnings are subject to ordinary income tax.
- If you have before- and after-tax amounts in any of your Traditional, SEP, or SIMPLE IRAs, all distributions or conversions are taken on pro rata basis.
- You may be subject to an IRS 10% additional tax for early or pre-59½ distributions unless an exception applies.

**Exception to 10% additional tax**

Exceptions to the 10% additional tax include distributions after reaching age 59½, death, disability, eligible medical expenses, certain unemployed individuals' health insurance premiums, qualified first-time homebuyer ($10,000 lifetime maximum), qualified higher education expenses, Substantially Equal Periodic Payments (SEPP), Roth conversions, qualified reservist distribution, birth or adoption expenses (up to $5,000), or IRS levy.

Source: IRA contribution, deductibility, and phase-out limit information can be found at, irs.gov. Wells Fargo Advisors has provided this link for your convenience but does not control or endorse the website and is not responsible for the products, services, content, links, privacy policy, or security policy of this website.

## Roth IRA

**Tax benefits**

- Potential earnings are tax deferred
- Qualified distributions are tax free[5]

**Eligibility – 2025**

- You can contribute at any age as long as you have earned income and are within or under MAGI limits
- Your non-working spouse at any age can contribute if you file a joint tax return and are within or under MAGI limits

[5] You must have a Brokerage Cash Services account to use this feature. Online access is required. Talk to us about adding Brokerage Cash Services to your Wells Fargo Advisors IRA.

**Contributions are phased out based upon MAGI:**

| Single/HH[3] | Married/joint | Married/separate[4] | Contribution |
|---|---|---|---|
| Up to $150,000 | Up to $236,000 | N/A | Full |
| $150,000 - $165,000 | $236,000 - $246,000 | Up to $10,000 | Partial |
| $165,000 or more | $246,000 or more | $10,000 or more | None |

[3] HH stands for Head of Household.
[4] Your filing status is considered single for IRA contribution purposes if you did not live with your spouse during the tax year.

**Deduction of contributions**

Contributions are not deductible.

**Contribution limits**

Lesser of 100% of earned income or for 2025, $7,000 (per individual if under age 50) or $8,000 (per individual if age 50 or older within a particular tax year). Traditional and Roth IRA contributions are aggregated. April 15, 2026, is the deadline for the 2025 tax year. Contributions must be made in cash, check, or money order. Contributions cannot be made in-kind, i.e., securities, property.

**Did you know. . .**
You can make contributions to your brokerage IRA online and using your mobile device.[5]

**Required minimum distributions (RMDs)**

None during your lifetime.

**Taxes on distributions**

- Contributions are always distributed tax-free.
- Qualified distributions are tax-free. Distributions are qualified after the Roth IRA has been funded for more than five years and you are age 59½, or you are disabled, or using the first-time homebuyer exception, or taken by your beneficiaries due to your death.
- A non-qualified distribution may be subject to ordinary income tax and a 10% additional tax unless an exception applies.

# Options for your retirement plan savings

Are you considering the various options for the savings you have accumulated in your QRP? Know that what you choose to do with your current retirement savings can have a substantial impact on your future.

You generally have four options for your QRP distribution:

- Roll over your assets into an IRA
- Leave your assets in your former employer's QRP if allowed by the plan
- Move your assets directly to another employer's QRP if allowed by the plan
- Take your money out and pay the associated taxes

Each of these options has advantages and disadvantages and the one that is best depends on your individual circumstances. You should consider features such as investment choices, fees and expenses, and services offered. Your Wells Fargo Advisors financial advisor can help educate you regarding your choices so you can decide which one makes the most sense for your specific situation. Before you make a decision, read the information provided in this piece to become more informed and speak with your current retirement plan administrator and tax professional before taking any action.

## Option 1 — Roll your QRP savings to an IRA

Rolling your money to an IRA allows your assets to continue their tax-advantaged status and growth potential, the same as in your employer's plan. In addition, an IRA often gives you access to more investment options than are typically available in a QRP and investment advice. Your Wells Fargo Advisors financial advisor can support you in your retirement planning process by providing the guidance to help you make more informed decisions.

### Features

- Assets retain their tax-advantaged growth potential.
- Rolling your assets into an IRA generally avoids current income taxes and the IRS 10% additional tax for early or pre-59½ distributions.
- Access to more investment choices than are typically available in employer plans, providing greater potential diversification.
- Access to investment advice and guidance.
- Additional exceptions to the 10% additional tax include higher education and first-time homebuyer.[6]
- Additional contributions are allowed, if eligible.
- IRAs can be consolidated and conveniently maintained with one provider.
- Traditional and Roth IRA contributions and earnings are protected from creditors in federal bankruptcy proceedings to a maximum limit of $1,711,975, adjusted periodically for inflation.
- Rollovers from QRPs, SEP, and SIMPLE IRAs have no maximum limit for federal bankruptcy protection.

### Keep in mind

- IRA fees and expenses are generally higher than those in your QRP and depend primarily on your investment choices.
- Loans from an IRA are prohibited.
- In addition to ordinary income tax, distributions prior to age 59½ may be subject to the 10% additional tax.[6]
- RMDs begin April 1 following the year you reach 73, and annually thereafter. The aggregated amount of your RMDs can be taken from any of your Traditional, SEP, or SIMPLE IRAs. Roth IRA owners have no RMDs.
- If you do not take your RMD on time or in the right amount you may subject you to an IRS 25% excise tax. This tax can be reduced to 10% if corrected within two years from the date the tax is imposed.
- IRAs are subject to state creditor laws regarding malpractice, divorce, creditors outside of bankruptcy, or other types of lawsuits.
- If you own appreciated employer securities, favorable tax treatment of the net unrealized appreciation (NUA) is lost if rolled into an IRA.

## Option 2 — Leave your retirement savings in your former employer's plan

While this approach requires nothing of you in the short term, managing multiple retirement accounts can be cumbersome and confusing in the long run. And, you will continue to be subject to the QRP's rules regarding investment choices, distribution options, and loan availability. If you choose to leave your savings with your former employer, remember to periodically review your investments and carefully track associated account documents and information.

### Features

- No immediate action on your part.
- Assets retain their tax-advantaged growth potential.
- Can typically keep your current investments, and you will continue to have access to those investments. Please contact your plan administrator for details.
- Fees and expenses are generally lower in a QRP.

[6] IRA exceptions to the IRS 10% additional tax include distributions after reaching age 59½, death, disability, eligible medical expenses, certain unemployed individuals' health insurance premiums, qualified first-time homebuyer ($10,000 lifetime maximum), qualified higher education expenses, Substantially Equal Periodic Payments (SEPP), Roth conversions, qualified reservist distribution, certain qualified disaster distributions defined by the IRS, birth or adoption expenses (up to $5,000), or IRS levy.

- With the Rule of 55, you avoid the 10% additional tax on distributions from that plan if you leave the company in the year you turn age 55 or older (age 50 or older for certain public safety employees and private sector firefighters).
- Generally, QRPs have bankruptcy and creditor protection under the Employee Retirement Income Security Act (ERISA).
- Employer securities (company stock) in your plan may have increased in value. The difference between the price you paid (cost basis) and the stock's increased price is NUA. Favorable tax treatment may be available for appreciated employer securities owned in the plan.

**Keep in mind**

- Your employer may not allow you to keep your assets in the plan.
- You generally are allowed to repay an outstanding loan within a short period of time.
- Additional contributions are typically not allowed.
- You must maintain a relationship with your former employer, possibly for decades.
- In addition to ordinary income tax, distributions prior to age 59½ may be subject to the IRS 10% additional tax.[6]
- RMDs from your former employer's plan begin April 1 following the year you reach 73, and continue annually thereafter.
- If you do not take your RMD on time or in the right amount you may subject you to an IRS 25% excise tax. This tax can be reduced to 10% if corrected within two years from the date the tax is imposed.
- RMDs must be taken from each QRP including designated Roth accounts; aggregation is not allowed.
- Not all QRPs have bankruptcy and creditor protection under ERISA.

## Option 3 — Move your retirement savings directly to another employer's plan

If you are joining a new company, moving your retirement savings to another employer's QRP may be an option. This may be appropriate if you want to keep your retirement savings in one account, and if you're satisfied with the investment choices offered by your other employer's plan. This option shares many of the same features and considerations of leaving your money with your former employer.

**Features**

- Assets retain their tax-advantaged growth potential.
- Fees and expenses are generally lower in a QRP.
- With the Rule of 55, you avoid the 10% additional tax on distributions from that plan if you leave the company in the year you turn age 55 or older (age 50 or older for certain public safety employees and private sector firefighters).
- RMDs may be deferred beyond age 73 if the plan allows, you are still employed and not a 5% or more owner of the company.
- Generally, QRPs have bankruptcy and creditor protection under ERISA.
- Retirement assets can be consolidated in one account.
- Loans may potentially be allowed.

**Keep in mind**

- You may have a waiting period before you can enroll in another employer's plan.
- Investment options for the plan are chosen by the plan sponsor and you choose from those options.
- You can transfer or roll over only QRP assets that your other employer permits, and you will continue to have access to those investments. Please contact your plan administrator for details.
- Your other employer will determine when and how you can take distributions from your savings.
- Favorable tax treatment of appreciated employer securities is lost if moved into another QRP.

## Option 4 — Take a lump-sum distribution (taxes may apply)

You should carefully consider all of the financial consequences before cashing out your QRP savings. The impact will vary depending on your age and tax situation. If you absolutely must access the money, you may want to consider withdrawing only what you will need until you can find other sources of cash.

**Features**

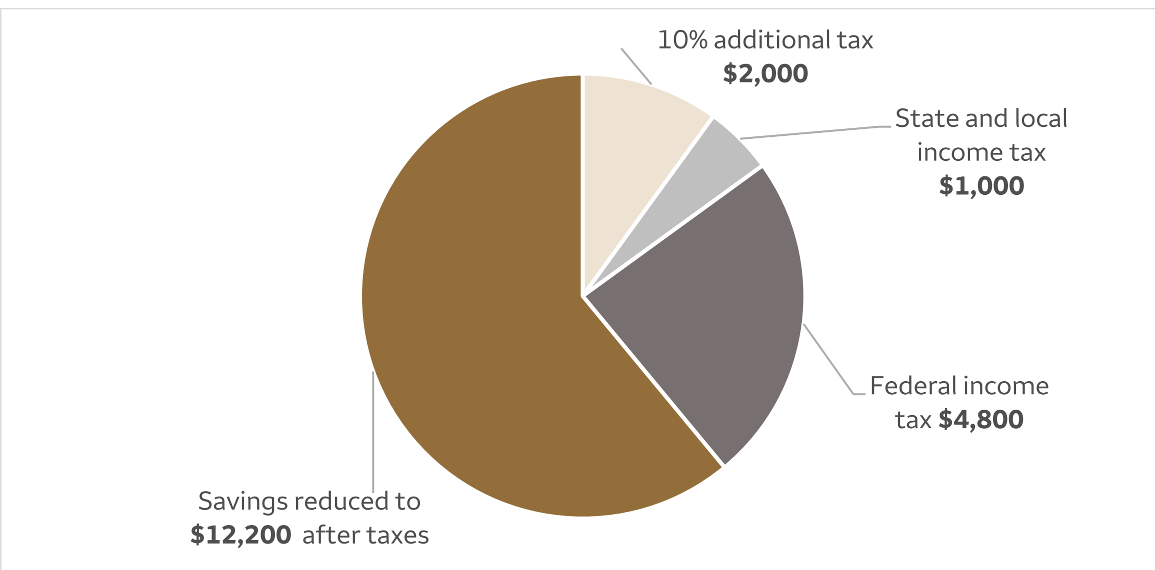
- You have immediate access to your retirement money and can use it however you wish
- Although distributions from the plan are subject to ordinary income taxes, you avoid the 10% additional tax on distributions taken from the plan, **if** you turn:
  - Age 55 or older in the year you leave your company.
  - Age 50 or older in the year you stop working as a public safety employee — such as a police officer, firefighter, or emergency medical technician — and are taking distributions from a governmental defined benefit pension or governmental defined contribution plan. This also applies to private sector firefighters taking distributions from a qualified retirement plan or 403(b). Check with the plan administrator to see if you are eligible.
- Lump-sum distribution of appreciated employer securities may qualify for favorable tax treatment of NUA.

**Keep in mind**

- Your funds lose their tax-advantaged growth potential.
- The distribution may be subject to federal, state, and local taxes unless rolled over to an IRA or another QRP within 60 days.
- If you leave your company before the year you turn 55 (or age 50 for public service employees and private sector firefighters), you may owe the 10% additional tax on the distribution.
- Your former employer is required to withhold 20% for the IRS.
- Depending on your financial situation, you may be able to access a portion of your funds while keeping the remainder saved in a retirement account. This can help lower your tax liability while continuing to help you save for your retirement. Ask your plan administrator if partial distributions are allowed from your employer's QRP.

**Taking a lump-sum distribution can be costly**

Here's what's left of a $20,000 cash payout:




For illustrative purposes only. Assumes a 24% federal tax bracket and 5% state and local tax rate. Taxes may vary. The QRP is required to withhold a mandatory 20% for federal income tax; taxes owed may be more or less than the 20% depending on the participant's tax bracket. The 10% additional tax may be assessed if participant is under age 59½ and no exception applies. State penalty may also apply.

### Evaluating your QRP distribution choices

| Option that may be best for you if you want: | Roll Assets into an IRA | Leave assets in previous employer's QRP | Move assets into another employer's QRP | Take lump sum distribution |
|---|---|---|---|---|
| Generally lower fees and expenses | | X | X | |
| More investment choices with broader diversification opportunities | X | | | |
| To delay RMDs after age 73 if still employed | | | X | |
| To take advantage of potentially favorable tax treatment of appreciated employer securities | | X | | X |
| To avoid current income taxes and 10% additional tax | X | X | X | |
| To continue making contributions | X | | X | |
| To maintain the account's tax-advantaged status until distributions are taken | X | X | X | |
| Continued protection from creditors offered by ERISA | | X | X | |
| To consolidate your retirement account assets at one provider | X | | | |
| Rule of 55: To avoid the 10% additional tax on distributions from that plan **if** you turn age 55 or older in the year you leave your company (age 50 or older for certain public safety employees and private sector firefighters) | | X | X | X |
| To avoid the 10% additional tax for qualified higher education expenses or as a first-time homebuyer[6] | X | | | |
| To keep current investment choices and services offered | | X | | |
| Flexible distribution options | X | | | |
| Immediate access to your retirement money, and are willing to pay applicable taxes | | | | X |

[6] IRA exceptions to the IRS 10% additional tax include distributions after reaching age 59½, death, disability, eligible medical expenses, certain unemployed individuals' health insurance premiums, qualified first-time homebuyer ($10,000 lifetime maximum), qualified higher education expenses, Substantially Equal Periodic Payments (SEPP), Roth conversions, qualified reservist distribution, certain qualified disaster distributions defined by the IRS, birth or adoption expenses (up to $5,000), or IRS levy.

## Special considerations

As you evaluate your retirement account options and long-term plans, consider the following factors before making a final decision

### Direct versus indirect rollover

**Direct rollover**

This option, which is generally the preferable choice, transfers money directly from your former employer's QRP into an IRA or another employer's plan, if allowed. There are no taxes withheld when completing a direct rollover.

**Indirect rollover**

Your previous employer's QRP makes a check payable to you and withholds a mandatory 20% of the distribution for federal taxes. You then have 60 days to roll the eligible distribution to an IRA or another employer's plan, if allowed. Any portion not rolled over, including the 20% withholding, will be considered a distribution and you may owe income tax plus the 10% additional tax.

You can roll over more than one eligible distribution from a QRP. Unlike a 60-day IRA-to-IRA rollover, you are not limited to one rollover, per IRA owner, every 365 days.

### Roth conversion

An excellent way to benefit from tax-advantaged growth potential and possible tax-free distributions may be to convert your QRP eligible rollover distribution to a Roth IRA.[7] It is important to remember that you must have a triggering event, such as separation of service, to be eligible to make distributions from your QRP. A conversion allows you to reposition your existing tax-deferred QRP assets to a potentially tax-free Roth IRA by paying federal and possibly state income tax (but without the 10% additional tax) on the taxable portion of the conversion.

You do not have to roll your eligible QRP non-designated Roth account after-tax amounts to a Traditional IRA; instead you could choose to roll them to a Roth IRA as a conversion. A partial distribution must include a proportional share of the before- and after-tax amounts in the account. Whether you are taking a partial or full distribution of your QRP, know that you can request that the before-tax amounts be rolled to a Traditional IRA and the after-tax amounts rolled to a Roth IRA, as a conversion. This means you can:

- Elect a direct rollover of the before-tax amounts in your QRP non-designated Roth account to a Traditional IRA without any tax liability.
- Roll the after-tax non-designated Roth account amounts to a Roth IRA as a tax-free conversion.
- Convert any before-tax amounts in your QRP to a Roth IRA, owing ordinary income tax in the year of conversion.
- Have the distribution made payable to you and within 60 days decide to convert some or all of the amount to your Roth IRA.

A conversion of after-tax amounts will not be taxed. Any before-tax portion converted will be included in your gross income for the year. Also, should you decide to convert those after-tax amounts, remember those amounts are not subject to the 10% additional tax when following the Roth distribution ordering rules.

## Benefits of a Roth conversion

Some reasons a conversion may be appropriate include:

- You are willing to pay taxes now to benefit from tax-free distributions in retirement.
- You do not have to take RMDs during your lifetime.
- You live in a state with no income tax but will retire to a state that has income tax.
- If your spouse is the Roth IRA beneficiary, they will not have RMDs if they roll over the Roth IRA and treat it as their own.

## Roth conversion considerations

Roth conversions are not for everyone. Consider the following before making a decision to convert:

[7] When considering rolling over assets from an employer plan to an IRA, factors that should be considered and compared between the employer plan and the IRA include fees and expenses, services offered, investment options, when distributions are no longer subject to the 10% additional tax, treatment of employer stock, when required minimum distributions begin, and protection of assets from creditors and bankruptcy. Investing and maintaining assets in an IRA will generally involve higher costs than those associated with employer-sponsored retirement plans. You should consult with the plan administrator and a professional tax advisor before making any decisions regarding your retirement assets.

- What is your tax situation and ability to pay for the conversion? Because, once you convert, you can no longer undo the conversion.
- Will a conversion push you into a higher tax bracket for the year?
- Do you expect to be in a lower tax bracket in retirement?
- Are you planning to retire in a state without income tax but currently live in a state with income tax? If so, converting now may cost you more.
- Do you need the converted Roth funds within the next five years?
- Do you have funds outside of the IRA to pay the taxes on the conversion?

## In-service distributions

Some QRPs allow participants to roll over all or a portion of their QRP savings while still employed.[7] This allows you to become more active in managing and diversifying your retirement savings, while continuing to make contributions to the plan and possibly enjoy any available employer match. As long as the funds are rolled directly into an IRA, this distribution should not result in a tax liability and the mandatory 20% tax withholding should not apply.

In-service distributions may not be appropriate for all investors and may be subject to certain eligibility requirements such as minimum age or years of service requirements.[8] If your plan permits in-service distributions, you'll need to talk with your plan administrator to determine the rules of eligibility and any impacts that taking an in-service distribution from your QRP might have on your participation in the plan. And, review the features and things to keep in mind shown for Option 1 — Roll your QRP savings into an IRA — to understand the implications of an in-service distribution before taking action.

## Net unrealized appreciation (NUA)

Net unrealized appreciation is a tax planning strategy that you should understand when facing decisions about your QRP distribution. A mistake that many participants make is rolling company stock into an IRA or another employer's plan without considering alternatives. This decision can be costly.

NUA is defined as the difference between the value at distribution of the employer security in your plan and the stock's cost basis. The cost basis is the original purchase price paid within the plan. Assuming the security has increased in value, the difference is NUA.

NUA of employer securities received as part of an eligible lump-sum distribution from a QRP qualifies for capital gain tax. In most cases, NUA will be available only for lump-sum distributions — partial distributions do not qualify.

This favorable tax treatment of NUA **does not** apply if the stock is rolled over to an IRA or another employer's plan. NUA and the decisions surrounding employer securities in a QRP are complex. You should analyze your individual situation with a qualified tax or legal advisor in light of the differences between your ordinary income tax rates and long-term capital gains rates before taking any distributions.

---

As a general rule, you will owe ordinary income tax on the cost basis of the employer security in the year of distribution. The appreciated value is taxed at long-term capital gains rate when the stock is sold.

---

## NUA reminders

- You may owe the 10% additional tax as well as ordinary income tax on the NUA distribution from your QRP.
- You will have 60 days to roll over the stock or proceeds.
- This must be a qualified lump-sum distribution.
- Know your plan and consult with your plan administrator.
- Please consult your tax advisor before taking any distributions from the plan.

## Substantially Equal Periodic Payments (SEPP)

IRAs are designed to help you accumulate savings and distribute the income in retirement. However, if you think you may want to access funds prior to age 59½, it is important to remember that generally you will owe the 10% additional tax unless an exception applies.[8] One exception to the 10% additional tax is for distributions under the Substantially Equal Periodic Payment (SEPP) method.

## Four conditions for SEPP distributions

To qualify for the SEPP exception, the following four conditions must be met:

- The distributions taken must be substantially equal and periodic.
- These payments must be based on your life expectancy or on the joint life expectancy of you and your beneficiary.
- You must continue to receive these payments for at least five years or until you reach age 59½, whichever is longer.
- Distributions must be calculated using an interest rate that is no more than 120% of the applicable federal mid-term rate (AFR) for either of the two months immediately preceding the month in which the distribution begins or 5%.

As If the SEPP is altered prior to the later of five years from the date you begin or you attain age 59½ (except in death or disability), the 10% additional tax plus interest applies retroactively to all distributions taken prior to age 59½.

## Retirement savings tips

Consider these tips that may help grow your retirement savings.

- It may be tempting to spend your savings, but it is important to keep these assets growing in a tax- advantaged account to meet your retirement goals.
- Contribute a portion of your earnings to your employer's QRP as soon as you are eligible.
- Consider contributing up to the maximum limit to your QRP if you're not already doing so. Additionally, beginning the year you turn 50, you can make an additional "catch- up" amount to your QRP. A catch-up contribution is an elective deferral to a QRP that is made by a participant age 50 or older that exceeds a statutory limit, a plan- imposed limit, or the actual deferral percentage test limit for highly compensated employees. If you're not able to do this, try to contribute at least as much as the employer match, otherwise you are leaving money on the table.
- Avoid taking a plan loan (if allowed by your plan) especially if you may be leaving that employer before the loan is repaid.
- Supplement your retirement savings by making annual IRA contributions. Catch-up contributions are available beginning the year you turn age 50.
- Traditional and Roth IRA contributions can be made at any age as long as you or your spouse, if married filing jointly, have earned income and meet eligibility requirements. Review your asset allocation at least annually.
- Create a written retirement plan.
- Beneficiary designations on any IRAs, QRPs, annuities, and life insurance policies supersede any instructions in your will or trust, so be sure they are up-to-date.
- Update your beneficiary forms when you experience any life event, such as death of a beneficiary, divorce, marriage, or the birth of a child or grandchild.
- For specific information regarding IRA and QRP contribution limits as well as catch-up contribution amounts, please visit irs.gov.

[8] In-service distributions may not be appropriate for all investors and may be subject to certain criteria, such as minimum age or years of service requirements. When considering rolling over assets from an employer plan to an IRA, factors that should be considered and compared between the employer plan and the IRA include fees and expenses, services offered, investment options, when penalty-free distributions are available, treatment of employer stock, when required minimum distributions begin, and protection of assets from creditors and bankruptcy.

# With you every step of the way

Everyone has a different vision of retirement that requires a unique financial strategy. Wells Fargo Advisors can support you in your retirement planning process by providing the guidance needed to make informed choices. We will meet with you and help create a comprehensive plan that takes into account your complete financial picture. Your financial advisor will be with you every step of the way to meet to review your progress and adapt your plan as needed. Working together, we'll design and implement a retirement plan that can help you live out your unique vision of retirement.