

Inherited IRA Illustration for Samuel Sample

Report produced May 21, 2002

Some families who want to preserve their assets as long as possible are impeded by the government requirement that, after age 70½, money must be withdrawn from traditional IRAs and similar tax-advantaged plans. These “Required Minimum Distributions,” as they are called, are fully taxable. In addition, any future earnings on the withdrawn amounts will be taxable each year. It is therefore best to postpone and reduce the Required Minimum Distributions, if you want to maximize the amount that family members eventually will receive from the account.

You do have some options, four of which are illustrated below.

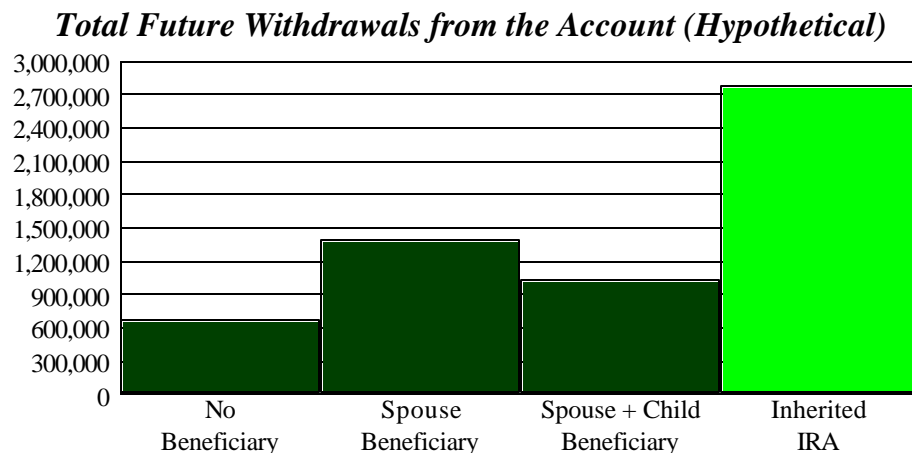
Your actual experience will differ from this chart. The illustrated values depend on dates of death and rates of return on investment — which cannot be predicted.

No Beneficiary — After the account holder's death, distributions are based on his/her life expectancy that year.

Spouse Beneficiary — Initial distributions are based on joint life expectancy. After the account holder's death, distributions are based on the spouse's life expectancy in that year, and can be delayed until the spouse's age 70½. After the spouse's death, distributions are based on the original account holder's life expectancy in the year of death.

Spouse + Child Beneficiary — After the account holder's death, distributions are based on the life expectancy of the oldest beneficiary, as of that year.

Inherited IRA — The spouse is initially the sole beneficiary, and initial distributions are based on joint life expectancy. After the account holder's death, the account is rolled over or re-characterized as a spouse-owned IRA, with the child named as beneficiary. Subsequent distributions are delayed until the spouse's age 70½, and are based on the spouse's life expectancy. After the spouse's death, further distributions are based on the child's life expectancy as of the spouse's death.



All cases assume that funds earn a hypothetical 8.00% annual return, that the account holder (born November 12, 1930) dies in 2005, that the spouse (born March 12, 1942) dies in 2015, and that the oldest non-spouse beneficiary was born May 15, 1960.

Inherited IRA Illustration for Samuel Sample

Report produced May 21, 2002

This report illustrates actual Required Minimum Distributions for the first year illustrated, and estimated amounts thereafter. The actual Required Minimum Distribution needs to be re-determined each year, because it is based on actual fund performance, which will differ from that shown. The future values shown here are neither projections nor guarantees, and do not reflect the actual performance of any product. They are provided merely to illustrate how future Required Minimum Distribution calculations might work under various arrangements.

Estimated Annual Required Distribution

Year	No Beneficiary	Spouse Beneficiary	Spouse + Child Beneficiary	Inherited IRA
2002	11,719	11,111	11,719	11,111
2003	12,643	11,988	12,643	11,988
2004	13,640	12,934	13,640	12,934
2005	14,714	13,954	14,714	13,954
2006	28,161	0	16,018	0
2007	30,611	0	17,361	0
2008	33,296	0	18,820	0
2009	36,243	0	20,406	0
2010	39,487	0	22,130	0
2011	43,073	0	24,006	0
2012	47,057	20,400	26,048	20,400
2013	51,519	22,011	28,272	22,011
2014	56,577	23,748	30,698	23,748
2015	62,435	25,620	33,346	25,620
2016	69,511	47,669	36,240	22,921
2017	79,043	51,780	39,407	24,821
2018	43,708	56,274	42,881	26,881
2019	0	61,193	46,702	29,115
2020	0	66,587	50,917	31,538
2021	0	72,520	55,589	34,168
2022	0	79,065	60,803	37,022
2023	0	86,321	66,681	40,120
2024	0	94,417	73,419	43,485
2025	0	103,544	81,390	47,140
2026	0	114,007	91,519	51,113
2027	0	126,385	93,305	55,433
2028	0	142,113	0	60,133
2029	0	144,887	0	65,250
2030	0	0	0	70,825
2031	0	0	0	76,905
2032	0	0	0	83,542
2033	0	0	0	90,797

Inherited IRA Illustration for Samuel Sample

Report produced May 21, 2002

This report illustrates actual Required Minimum Distributions for the first year illustrated, and estimated amounts thereafter. The actual Required Minimum Distribution needs to be re-determined each year, because it is based on actual fund performance, which will differ from that shown. The future values shown here are neither projections nor guarantees, and do not reflect the actual performance of any product. They are provided merely to illustrate how future Required Minimum Distribution calculations might work under various arrangements.

Estimated Annual Required Distribution

Year	No Beneficiary	Spouse Beneficiary	Spouse + Child Beneficiary	Inherited IRA
2034	0	0	0	98,739
2035	0	0	0	107,453
2036	0	0	0	117,037
2037	0	0	0	127,616
2038	0	0	0	139,349
2039	0	0	0	152,452
2040	0	0	0	167,244
2041	0	0	0	184,239
2042	0	0	0	204,437
2043	0	0	0	230,413
2044	0	0	0	208,035

All cases assume that funds earn a hypothetical 8.00% annual return,
that the account holder (born November 12, 1930) dies in 2005, that the spouse (born March 12, 1942) dies in 2015,
and that the oldest non-spouse beneficiary was born May 15, 1960.