YOUR FINANCIAL FUTURE

Your Guide to Life Planning

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In This Issue

Women, Wealth, and Legacy Planning

Active participation in wealth management can strengthen women's commitment to protect and grow their assets with the goal of leaving a legacy for their children, their community, and beyond.

Whether nurturing the values of children, fulfilling charitable goals, or making investment decisions that affect their own as well as their beneficiaries' financial security, women play a central role in establishing and preserving family wealth. Consider these statistics:[1]

- Women now control more than half of the investment wealth in the United States.
- 48% of estates worth more than $5 million are controlled by women, compared with 35% controlled by men.
- Some estimate that by 2030, women will control as much as two-thirds of the nation's wealth.

These and other trends magnify the need for women to be involved, informed, and comfortable with their role as guardians of family wealth. Active participation in wealth management can strengthen women's commitment to protect and grow their assets with the goal of leaving a legacy for their children, their community, and beyond.

Best Practices in Legacy Planning

The following strategies may help assure the smooth transfer of your measurable wealth -- and your values surrounding wealth -- to the next generation.

Education leads to confidence. Attaining financial security for you and your heirs typically requires you to accept responsibility for the management of significant investment assets. Whether you are single, married, or a surviving widow, it is in your best interest to obtain as much education as possible about wealth planning, investments, and related matters. Even if you are not directly responsible for making important financial decisions, it is vital to have knowledge in these areas in order to communicate effectively with professional advisors charged with these duties.

Professionals offer objective, qualified services. Relying on professional advice as opposed to family and friends is extremely important when making decisions affecting the accumulation, preservation, and distribution of wealth. What should you expect from a qualified professional? A good wealth advisor -- or a team with other professionals, such as attorneys and accountants -- should offer guidance and services in most areas of wealth management, including estate planning, retirement planning, insurance needs assessment, and college planning. On a more personal note, a wealth advisor should work closely with you to:

- Identify areas requiring special assistance, such as creating trusts.
- Minimize taxes and planning costs.
- Develop and implement a personalized wealth management plan.
- Review your plan periodically and suggest changes when needed.

Philanthropy is integral to family legacy planning. Wealth holders have a greater opportunity -- if not responsibility -- to make charitable giving an integral part of the legacy planning process. Families that are charitably inclined may have clear goals in mind, but they may not know where to begin. In order to choose the best strategy, you should work with a trusted advisor to evaluate a number of factors, such as tax management objectives, types of assets to be gifted, and your specific strategic intent. Then choose from among a range of charitable-giving vehicles, such as donor-advised funds, family foundations, gift annuities, and charitable remainder trusts/charitable lead trusts.

Children should learn about the responsibilities of wealth. Wealth is a gift that opens doors of opportunity not only for you, but also for your children, their children, and generations to come. Yet wealth can be a weighty responsibility that takes time to manage, maintain, and preserve. If you are a parent, you are no doubt concerned about the effects of wealth on your children's values and how the money lessons you pass on to them will resonate as they mature to adulthood.

Family values should be held in the same high regard as family wealth. Family values -- those traits, beliefs, goals, and morals that are shared by members of a family group -- define a family's character as much as dollar signs measure a family's wealth. By holding shared values in high regard and setting an example of commitment to financial responsibility, philanthropy, and volunteerism for the younger generation, you will enrich your family's legacy for generations to come.

A Woman's Worth

As stewards of the family legacy, women are in a unique and influential position. They are holders of great wealth as well as keepers of the family's moral and philanthropic vision. There are many financial, accounting, legal, and business tools to assist women in implementing a plan of action. Contact a financial advisor for guidance in mapping out a legacy planning strategy unique to your situation.

This information is not intended as legal or tax advice and should not be treated as such. You should contact your estate planning and/or tax professional to discuss your personal situation.

[1]*The American College, The Wealth Channel Magazine, "Women and Money: Research reveals unmet opportunities and risks," by Mary Quist-Newins, CLU©, ChFC©, CFP©, Director, State Farm©Center for Women and Financial Services, Spring 2010.*

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Bond Market Perspectives | Week of February 27, 2017

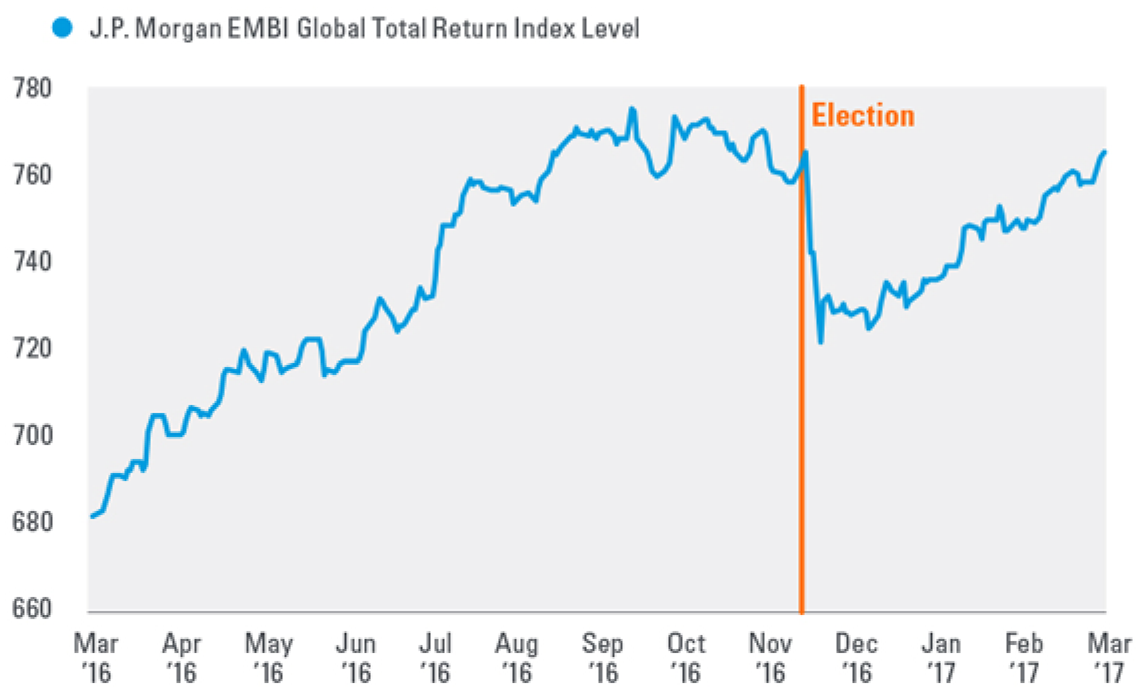
Highlights

- EMD has now recovered to pre-election levels, making it among the best performing bond sectors year-to-date.
- Attractive yields and debt levels that are generally lower than many developed market counterparts have driven investors toward EMD over the past year.
- Though prices have recovered, protectionist trade policy and aggressive Federal Reserve policy remain risks for the asset class.

Emerging Markets Debt: A Delicate Balance

Emerging markets debt (EMD), as measured by the J.P. Morgan EMBI Global Total Return Index, fell 6% in the immediate aftermath of the U.S. presidential election in November 2016. However, as of Friday, February 24, 2017 prices have recovered completely and now stand just slightly above the level seen on November 8, 2016 [Figure 1], leaving EMD with a year-to-date total return of 3.9%, the second strongest performance of any bond sector (exceeded only by preferreds' 4.3% return, as measured by the Merrill Lynch Preferred Stock Hybrid Securities Index).

1 EMD HAS RECOVERED TO PRE-ELECTION LEVELS



Source: LPL Research, Factset, Bloomberg 02/24/17

Past performance is not indicative of future results. Indexes are unmanaged and cannot be invested into directly.

ARE OIL WORRIES A THING OF THE PAST?

One of the key factors driving EMD returns over the past couple of years has been oil prices. The majority of EM debt issuance is sovereign, not corporate. Many EM countries are reliant on commodity exports, and the 76% drop in oil prices starting in mid-2014 until the February 2016 lows caused EMD investors to demand higher yields (lower prices) for the risks of increased defaults. The impact of oil on EMD performance becomes obvious when we view a chart of the spread of EMD to comparable Treasuries versus movement in the price of oil [Figure 2].

Click here for Figure 2: Oil Was a Driver of EMD Performance, But the Two Have Disconnected Recently

The oil-EMD trend saw its first significant disconnect in June of 2016, as oil prices fell to near $40/barrel, but EMD spreads continued to contract as markets turned their focus toward the U.S. presidential election. More recently oil has stabilized, but EMD spreads have continued to tighten, and have now reached levels last seen in September of 2014, just after the oil pullback began. All of this taken together seems to suggest that markets are not as concerned about the impact of commodity prices on emerging markets economies moving forward, which makes sense given that oil prices have started to stabilize. Even though markets are looking past the risk for now, it is important for EMD investors to be aware that if oil prices do fall meaningfully again (not our base case view, which is that oil prices average near $50/barrel in 2017), EMD prices would likely react negatively.

FED AND TRADE RISKS REMAIN

Commodity-related risks aren't the only factor that markets have been looking past in recent months. Two additional risks we are watching related to EMD in the near term are the impact of Federal Reserve (Fed) rate hikes and the impact of potential protectionist trade policy from the Trump administration.

It may not make sense at first glance that Fed policy can have an impact on EMD. The Fed is focused on the U.S. economy, so how could moves here impact overseas economies? As the Fed increases short-term rates, yields on U.S. debt rise, making them more attractive to overseas investors (and thus EMD less attractive, all else equal). Treasuries and other dollar-denominated debt must be purchased with U.S. dollars, so foreign buyers have to sell their local currencies and purchase dollars, pushing the value of the dollar higher, and making it harder for some EM countries to pay back their dollar-denominated obligations.

One additional risk on the horizon for many EM countries is the potential impact of changes to trade policy. One of the keystones of the Trump campaign was to renegotiate trade agreements to make them more favorable for the U.S. Large emerging market trading partners like China and Mexico could be negatively impacted if trade policy were to be changed, or if tariffs were to be introduced (See our recent *Weekly Economic Commentary* "Facts on NAFTA" for more detail on U.S. trade policy and the impact of any potential changes).

THE DRAW OF YIELD

We have discussed several risks that could impact EMD in the near future, but the fact remains that the asset class has overcome them all and moved higher as of late. What has caused investors to overlook the above mentioned risks and drive EMD prices higher over the past few months? It may be that investors believe those risks to be overstated, but there's another more simple answer: EMD yields are attractive in a low-yield world.

Many developed nations, especially those in Europe and Japan have seen yields fall to zero or below as central banks have provided unprecedented liquidity in order to improve economic growth. Figure 3 shows debt to gross domestic product (GDP) ratios for several of the most debt-burdened developed and emerging markets countries. Debt levels in developed nations are often much higher than those in emerging markets, and the risk of default as measured by credit default swap spreads (CDS), a financial instrument that helps protect buyers in the event of default, are on par, or even higher in some cases, than they are for the most indebted EM nations. However, developed market debt yields far less than EMD, given the impact of central bank policy. Investors are therefore able to get a higher rate of interest, with less CDS market-implied default risk in some cases, making EMD a logical choice for some investors seeking yield.

3 EMD YIELDS ARE OFTEN HIGHER THAN THOSE OF DEVELOPED NATIONS

	Country	Debt/GDP (%)	5-Year CDS (%)	10-Year Government Bond Yield
Emerging Markets	Hungary	75%	1.14%	3.4%
	Brazil	75%	2.23%	9.9%
	Malaysia	55%	1.09%	4.0%
Developed Markets	Japan	234%	0.24%	0.1%
	Greece	181%	10.50%	7.1%
	Italy	132%	1.95%	2.2%

Source: LPL Research, Bloomberg, FactSet 02/24/17

CONCLUSION

Emerging markets are often looked at as a single asset class, but in reality there are a number of countries with many different circumstances. Overall though, EMD has performed well over the past few months as investors have judged yields attractive enough to compensate for near-term risks. Yields are enticing, but the fact that spread levels to comparable Treasuries are at their lowest level since before the oil pullback gives us pause on valuations. We also believe that markets may be overlooking risks related to Fed rate hikes and potential changes to trade policy from the new administration, potentially making the asset class more risky. As with any bond sector, investors should pay particular attention to the geographic concentration within their EMD portfolio. Differing from EM equities, where exposure breakdowns tend to be in larger more economically developed countries, EMD tends to be concentrated in less developed countries where credit risk is a factor.

Though prices are high and risks exist in our eyes, the fact remains that EMD does offer an attractive yield in a low-yield world. It is possible that the risks we mentioned may not materialize, and even if they do it's possible that markets could continue to overlook them in the name of yield for some time. Given all these factors, we remain neutral on the asset class overall.

regulatory developments.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values and yields will decline as interest rates rise, and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

Yield spread is the difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. The spread can be measured between debt instruments of differing maturities, credit ratings, and risk.

INDEX DEFINITIONS

JPMorgan Emerging Market Bond Index (EMBI) are a set of three bond indices to track bonds in emerging markets operated by J P Morgan. The indices are the Emerging Markets Bond Index Plus, the Emerging Markets Bond Index Global and the Emerging Markets Bond Global Diversified Index.

The Merrill Lynch Preferred Stock Hybrid Securities Index is an unmanaged index consisting of a set of investment-grade, exchange-traded preferred stocks with outstanding market values of at least $50 million that are covered by Merrill Lynch Fixed Income Research.

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

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Weekly Market Commentary | Week of February 27, 2017

HIGHLIGHTS

- The fundamental case for European equities continues to strengthen, with both earnings and valuations improving.
- The technical perspective on Europe is mixed, with the region doing well on an absolute basis, but still unable to outperform U.S. stocks on a consistent basis.
- Political concerns, which often get expressed through currency markets, are likely to determine whether European equities begin to outperform their domestic peers.

TIPTOE THROUGH THE TULIPS-AND OTHER EUROPEAN OFFERINGS

The case for increasing European investments is getting stronger, as we evaluate the fundamentals, valuations, and to a lesser extent the technicals. Throughout most of the region, we are seeing improvement in the economic data and most importantly, in corporate earnings. After a strong fourth quarter 2016 based on MSCI Europe earnings up 28%, earnings growth may be positive for the first time since 2013, albeit just barely, on a year-over-year basis. More importantly, earnings expectations for 2017 have been improving. Valuations for European stocks are relatively attractive based on forward-looking earnings estimates, though they still seem expensive based on trailing earnings. The technical picture, the last components in our investment process, is decidedly mixed. On an absolute basis, European equities appear to be close to breaking out. However, relative to U.S. stocks, European equities have stalled, at least temporarily. Much of the relative performance between U.S. and European equities will likely depend on currency markets, which in turn are likely to be largely driven by political actions in both regions.

I LOVE PARIS (AND MADRID AND ROME) IN THE SPRINGTIME

In many parts of the country, we have not had much of a winter and are already several weeks into spring. Early season flowering trees and bushes are already in bloom; tulips cannot be far behind. Yet there is a sense of unease, that this is just too early and that a late frost could undo all the recent growth in one night. We have that same feeling about Europe. Sure, the economic fundamentals have been improving and corporate earnings are poised for their first increase since 2013.

Yet something still feels amiss. Europe has not solved many of the issues that have plagued it for almost a decade. The Greek debt crisis is still with us, though most agree it has been isolated such that a major default will not trigger a systemic crisis. Brexit--the U.K's plan to leave the European Union--isn't even official yet, with the two sides touting its probable impact as anything from a net positive for the U.K. to an economic apocalypse. As is nearly always the case, we suspect that the truth lies somewhere in the middle. Populism is now a major force in European politics, with three major elections this year (the Netherlands, France, and Germany), and a fourth (Italy) a possibility. The unknowns surrounding the outcomes of these events make it difficult for the markets, and LPL Research, to become too bullish on Europe just yet.

FUNDAMENTALS ARE BLOOMING

We cannot repeat it often enough; ultimately it is corporate earnings that drive stock prices. European earnings, at least in U.S. dollar terms, had been in absolute decline for the past three years. However, strong results for corporate Europe for fourth quarter 2016 thus far (not all companies have reported earnings) are suggesting that the earnings growth drought may be over. After a strong fourth quarter, European earnings for the whole of 2016 are tracking to an increase of 1.3% over 2015, the first year of growth since 2013 **[Figure 1]**. Even more importantly, consensus earnings expectations for 2017 are not only strong at just over 16% growth, but have continued to rise as earnings reports come in and economic data are released in the first two months of 2017.

1 EUROPEAN GROWTH A CLOSE CALL FOR 2016—HIGH HOPES FOR 2017

Name	% of Companies	Earnings Growth Estimate Q4 2016	Earnings Growth Estimate 2016	Earnings Growth Estimate 2017
MSCI EAFE	77.20	30.37	2.58	14.74
MSCI Europe	64.73	27.89	1.30	16.04
MSCI Japan	98.75	33.93	6.42	14.21
MSCI EM (Emerging Markets)	45.19	28.87	17.95	14.94

Source: LPL Research, Thomson Reuters 02/24/17

Data reported as of 02/24/17

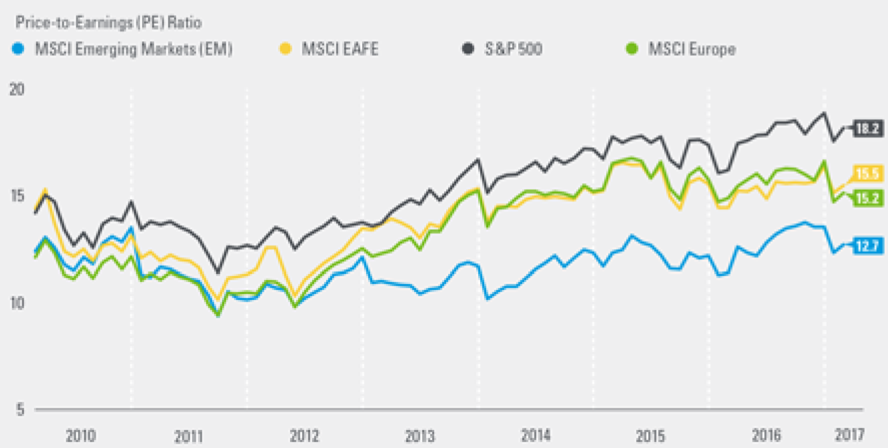
All indexes are unmanaged and cannot be invested into directly. Past performance is not indicative of future results.

Overall, about 54% of European companies have had a positive earnings surprise, averaging 3.7% in the fourth quarter. Of course, growth is not uniform and there are always surprise winners and losers by country and sector. There has been an earnings turnaround in sectors typically considered highly economically cyclical, such as materials and energy. Materials companies' earnings had a strong rebound in 2016, particularly in the fourth quarter. Energy sector earnings declined over the year, but like materials companies, posted earnings growth in the fourth quarter of 2016. However, both sectors have shown earnings disappointments; despite the growth experienced, global investors were expecting greater earnings gains for the year. Both sectors are expected to show significant earnings gains in 2017.

The financial sector is key for European equities. Financials, at about 20%, are the largest component of the major European indices. Furthermore, financials are the sector most likely to be directly impacted by the results of the Brexit negotiations, keeping in mind that the final decision on what the financial sector looks like post-Brexit is years away. However, the ability of U.K. banks to operate in the EU post-Brexit, a process referred to as "passporting," is likely to be one of the most contested provisions of the final agreement, and one with a material impact on banks and bank earnings. Thus far fourth quarter 2016 earnings growth from the financial sector has been strong on an absolute level and relative to expectations.

When looking at valuations, **Figure 2** shows that European stocks are cheaper than their U.S. peers based on calendar year 2017 estimates. However, emerging market equities still appear to us the most attractive both on an absolute and relative basis. We have examined a variety of forward indicators and they all yield approximately the same result. However, we have become more comfortable with using calendar year estimates, as they account for different regions having different seasonal affects.

2 EUROPEAN VALUATIONS ATTRACTIVE, BUT EMERGING MARKETS (EM) STILL THE BEST



Source: LPL Research, Bloomberg 02/24/17

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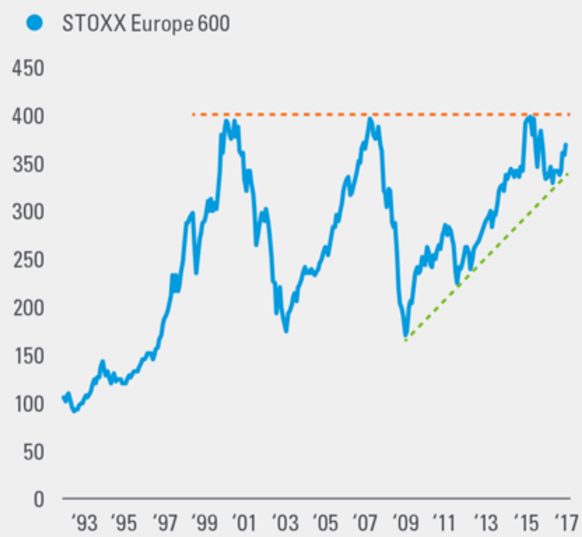
The P/E ratio (price-to-earnings ratio) is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. It is a financial ratio used for valuation; a higher P/E ratio means that investors are paying more for each unit of net income, so the stock is more expensive compared to one with lower P/E ratio.

EUROPEAN TECHNICALS IMPROVE--BUT STILL TRAIL U.S.

The STOXX Europe 600 Index represents large, mid, and small cap companies across 17 countries of the European region and is a great gauge for European equity markets. This key index has been in a steady uptrend since early 2009, finding support from this trend line once again in 2016 before a big bounce in December of last year **[Figure 3]**.

3 **EUROPE NEARS A BULLISH TECHNICAL BREAKOUT**



Source: LPL Research, FactSet 02/26/17

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Notably, on a much longer-term basis, the 400 level on the STOXX Europe 600 acted as resistance in 2000, 2007, and again in 2015. This is an important level and should it give way to a breakout, it could finally usher in a period of potential European outperformance. The chart is currently forming what is called an "ascending triangle pattern." As Figure 3 shows, this technical formation has a vertical top (the 400 level) and a lower ascending trend line (the green line). Should the price breakout to the upside, it would not only be a major bullish signal for European equities, but global risk assets as well. This still has a ways to go before it happens, but the possibility of a breakout is increasing.

Here's the catch: European equity markets are looking better in absolute terms, but on a relative basis they have lagged the U.S. markets since the late 1980s. There have been periods of European outperformance, but the overall trend has clearly been in favor of U.S. equities relative to European equities.

WHAT IS TECHNICAL ANALYSIS?

Technical analysis is a methodology for evaluating securities based on statistics generated by market activity, such as past prices, volume and momentum, and is not intended to be used as the sole mechanism for trading decisions. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns and trends. Technical analysis carries inherent risk, chief amongst which is that past performance is not indicative of future results. Technical Analysis should be used in conjunction with Fundamental Analysis within the decision making process and shall include but not be limited to the following considerations: investment thesis, suitability, expected time horizon, and operational factors, such as trading costs.

Think about it like this, the STOXX European 600 Index is still 8% away from the peak it hit in early 2000, whereas the S&P 500 is more than 50% above its early 2000 highs. Could this mean it is finally time for Europe to outperform the U.S.? There is no easy answer here, as one could have made that argument many times over the past three decades **[Figure 4]**, only to have been burned each time.

4 EUROPE HAS LAGGED THE U.S. FOR DECADES

Source: LPL Research, FactSet 02/26/17

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As Figure 4 shows, the relative performance of the STOXX Europe 600 Index has been consistently worse than the S&P 500 going back to the late 1980s. In fact, this made yet another new low recently. At the very least, to become more optimistic on Europe, we would need to see this relative strength line begin to show improvement.

One positive to the underperformance is the overall sentiment backdrop on Europe is rather low. From a contrarian point of view, that could bode well for European equities should things begin to improve. For instance, a recent popular survey of global fund managers showed the euro is one of the most shorted assets globally. Also, in the popular Barron's Big Money Poll (last published in October 2016), only 14% of money managers expected European equities to outperform U.S. and emerging market equities. This is the type of extreme negativity that can be seen at major turning points.

CONCLUSION

We see a lot to like about the coming European spring from both a fundamental and valuation perspective. The rebound in corporate earnings growth is particularly important. But market performance relative to U.S. stocks is still relatively weak, and major political events are still ahead of us. We are getting our spring wardrobe ready, but still not going to put away our winter coats. It may be time for a few modest investments in Europe for suitable investors, but we are likely to wait a bit longer before making a significant commitment.

Thank you to Ryan Detrick for his contribution to this report.

IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results.

The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal, and potential liquidity of the investment in a falling market.

Because of their narrow focus, specialty sector investing, such as healthcare, financials, or energy, will be subject to greater volatility than investing more broadly across many sectors and companies.

Investing in foreign and emerging markets securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Currency risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

All investing involves risk including loss of principal.

INDEX DESCRIPTIONS

The MSCI EAFE Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. It comprises the MSCI country indexes that represent developed markets outside of North America: Europe, Australasia, and the Far East.

The MSCI Emerging Markets Index captures large and mid cap representation across 23 emerging markets (EM) countries. With 822 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Europe Index is a free float-adjusted, market capitalization-weighted index that is designed to measure the equity market performance of the developed markets in Europe.

The MSCI Japan Index is a free float-adjusted, market capitalization-weighted index that is designed to track the equity market performance of Japanese securities listed on Tokyo Stock Exchange, Osaka Stock Exchange, JASDAQ, and Nagoya Stock Exchange.

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The STOXX Europe 600 Index represents large, mid, and small capitalization companies across 17 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

This research material has been prepared by LPL Financial LLC.

To the extent you are receiving investment advice from a separately registered independent investment advisor, please *note that LPL Financial is not an affiliate of and makes no representation with respect to such entity.*

Brush Up on Your IRA Facts

IRAs continue to play a prominent role in the retirement saving strategies of Americans.

If you are opening an IRA for the first time or need a refresher course on the specifics of IRA ownership, here are some facts for your consideration.

IRAs in America

IRAs continue to play an increasingly prominent role in the retirement saving strategies of Americans. According to the Investment Company Institute (ICI), the U.S. retirement market had $25 trillion in assets as of September 30, 2016, with $7.8 trillion of that sum attributable to IRAs.[1] In mid-2016, 42.5 million -- or 34% -- of U.S. households reported owning IRAs.[2]

Traditional IRAs, the most common variety, are held by 25.5% of U.S. households, followed by Roth IRAs, which are held by 17.4% of households, and employer-sponsored IRAs (including SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs), which are held by 5.7% of households.[2]

Contributions and Deductibility

Contribution limits. In general, the most you can contribute to an IRA for 2017 is $5,500. However, if you are age 50 or older, you can make an additional "catch-up" contribution of $1,000, which brings the maximum annual contribution to $6,500.

Eligibility. One potential area of confusion around IRAs concerns an individual's eligibility to make contributions. In general, tax rules require that you must have compensation to contribute to an IRA. Compensation includes income from wages and salaries and net self-employment income. If you are married and file a joint tax return, only one spouse needs to have the required compensation.

With regard to Roth IRAs, income may affect your ability to contribute. For tax year 2017, individuals with an adjusted gross income (AGI) of $118,000 or less may make a full contribution to a Roth IRA. Married couples filing jointly with an AGI of $186,000 or less may also contribute fully for the year. Contribution limits begin to decline, or "phase out," for individuals with AGIs between $118,000 and $133,000 and for married couples with AGIs between $186,000 and $196,000. If your income exceeds these upper thresholds, you may not contribute to a Roth IRA.[3]

Deductibility. Whether you can deduct your traditional IRA contribution depends on your income level, marital status, and coverage by an employer-sponsored retirement plan. For instance:[3]

- If you are single and covered by an employer-sponsored retirement plan, your traditional IRA contribution for 2017 will be fully deductible if your AGI was $62,000 or less. The amount you can deduct begins to decline if your AGI was between $62,000 and $72,000. Your IRA contribution is not deductible if your income is equal to or more than $72,000.
- If you are married, filing jointly, and the spouse making the IRA contribution is covered by an employer-sponsored retirement plan, your 2017 IRA contribution will be fully deductible if your combined AGI is $99,000 or less. The amount you can deduct begins to phase out if your combined AGI is between $99,000 and $119,000. You may not claim an IRA deduction if your combined income is equal to or more than $119,000.
- If you are married, filing jointly, and your spouse is covered by an employer-sponsored plan (but you are not), you may qualify for a full IRA deduction if your combined AGI is $186,000 or less. The amount you can deduct begins to phase out for combined incomes of between $186,000 and $196,000. Your deduction is eliminated if your AGI on a joint return is $196,000 or more.
- If neither you nor your spouse is covered by an employer-sponsored retirement plan, your contribution is generally fully deductible up to the annual contribution limit or 100% of your compensation, whichever is less.

Keep in mind that contributions to a Roth IRA are *not* tax deductible under any circumstances.

Distributions

You may begin withdrawing money from a traditional IRA without penalty after age 59½. Generally, previously untaxed contributions and earnings are taxable at the then-current regular income tax rate. Nondeductible contributions are generally not taxable because those amounts have already been taxed.

You must begin receiving minimum annual distributions from your traditional IRA no later than April 1 of the year following the year you reach age 70½ and then annually thereafter. If your distributions in any year after you reach 70½ are less than the required minimum, you may be subject to an additional federal tax equal to 50% of the difference.

Unlike traditional IRAs, Roth IRAs do not require the account holder to take distributions during his or her lifetime. This feature can prove very attractive to those individuals who would like to use the Roth IRA as an estate planning tool.

This communication is not intended as investment and/or tax advice and should not be treated as such. Each individual's situation is different. You should contact your financial professional to discuss your personal situation.

[1]*Investment Company Institute, "Retirement Assets Total $25.0 Trillion in Third Quarter 2016," December 2016.*

[2]*Investment Company Institute, "The Role of IRAs in U.S. Households' Saving for Retirement, 2016," January 2017.*

[3]*Internal Revenue Service, "IRS Announces 2017 Pension Plan Limitations; 401(k) Contribution Limit Remains Unchanged at $18,000 for 2017, October 27, 2016.*

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