



LORD ABBETT®

# TRADITIONAL IRA AND ROTH IRA

*Plan Today for a Secure Tomorrow*

# INVESTMENT-LED. INVESTOR-FOCUSED.

As an investment-led firm, we evaluate every decision from an investment perspective in an effort to achieve superior long-term investment performance. Our approach is based on a philosophical belief in active management characterized by teamwork and collaboration, a commitment to research—both fundamental and quantitative—and an adherence to risk management.

As an investor-focused firm, we evaluate every decision from an investor perspective to ensure that we act in the best interest of our clients. We are committed to providing every client with our independent perspective, our breadth of resources, and our range of intelligently designed investment strategies.

We are successful when a strategy is well-designed, process is well-defined, and our investors are well-served.

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NOT FDIC INSURED—NO BANK GUARANTEE—MAY LOSE VALUE

# TRADITIONAL IRA

***A traditional IRA is a tax-deferred retirement account available to all individuals under the age of 70½ and their spouses.***

## ELIGIBILITY REQUIREMENTS

- Individuals with earned income.
- Individuals under age 70½, and either you or your spouse must have earned income in order to make contributions to a traditional IRA.
- You may rollover assets from a 401(k), pension, profit-sharing, 403(b), or governmental 457(b) plan into a traditional IRA or transfer an IRA from another institution, regardless of your age or employment status.

## CONTRIBUTION LIMITS

- In 2019, an individual can contribute up to \$6,000 to a traditional IRA.
- Individuals age 50 or over (at any time during the year) may make an additional “catch-up” contribution of \$1,000 to their traditional IRA.

Year	Contribution Limit <sup>1</sup>	Age 50 “Catch-Up” Contribution <sup>1</sup>
2018	\$5,500	\$1,000
2019	\$6,000	\$1,000

## IRA DEDUCTION RULES

- A single person not covered by a workplace retirement plan may deduct his/her entire contribution to a traditional IRA.
- For 2019 contributions, married couples filing jointly, where only one spouse is covered by a workplace retirement plan, the non-covered spouse may deduct the full contribution to a traditional IRA if the couple’s joint income is \$193,000 or less. A partial deduction is available if the couple’s income is above \$193,000, but does not exceed \$203,000.
- If you are covered by a workplace retirement plan, part or all of your traditional contributions may be deductible if your modified adjusted gross income (MAGI) is below certain levels.<sup>2</sup>

The table below shows the income ranges for deductibility of IRA contributions made by individuals who are active participants in employer-sponsored retirement plans. Individuals or couples with incomes below the minimum qualify for a full deduction, and those with incomes within these ranges qualify for a partial deduction.

Tax Filing Status	2019 Income <sup>1,2</sup>	2018 Income <sup>1,2</sup>
Single	\$64,000–74,000	\$63,000–73,000
Married filing jointly*	\$103,000–123,000	\$101,000–121,000
Married filing jointly**	\$193,000–203,000	\$189,000–199,000

**Note:** Lord Abbett cannot make a determination regarding your eligibility to make deductible contributions. Please consult your tax advisor.

<sup>1</sup>Deductibility based on both spouses being covered by a workplace retirement plan.

<sup>2</sup>Deductibility based on one spouse being covered by a workplace retirement plan.

## TRADITIONAL IRA (continued)

### ROLLOVERS AND TRANSFERS

Assets may be sent directly to a Lord Abbett IRA from a 401(k), profit-sharing, 403(b), governmental 457(b), or another IRA.

#### Direct Rollover

When you retire or leave your place of employment, your former employer is required to give you the option of having your eligible rollover distribution transferred directly to your Lord Abbett IRA or another workplace retirement plan.<sup>3</sup>

To transfer a 401(k) or another workplace retirement plan to a Lord Abbett IRA, please follow these steps:

- Complete a Lord Abbett IRA Application.
- Instruct your former employer to make a check payable to "Lord Abbett Funds, IRA For the Benefit of: [Your Name]" Include your Social Security number, newly assigned IRA account number, and the words "direct rollover" on the check. The check can be sent to you or forwarded directly to Lord Abbett.
- If you are a non-spouse beneficiary, you may transfer an account into a "Decedent IRA" The account would be titled, "John Doe, deceased, FBO: John's beneficiary. The asset transfer must come directly to Lord Abbett from the prior account.

#### IRA Transfer

- An IRA transfer occurs when you move your IRA from one institution to another.
- You also may have funds sent to Lord Abbett directly from you prior IRA custodian.
- If you take receipt of the assets, you generally have 60 days to deposit the funds into a new IRA or be subject taxation and potential penalties.

*New IRS guidance, effective in 2015, allow for one 60-day IRA rollover every 365 days. Consult with your tax professional for information.*

### COMBINING CONTRIBUTORY TRADITIONAL IRAS, ROLLOVER IRAS, AND SEP-IRAS

You may want to combine your traditional IRA, rollover IRA, and SEP IRA accounts. Consolidating your account allows you to receive your Lord Abbett IRA account summary on a single statement.

*Lord Abbett will not automatically combine all your IRA accounts. Please contact us at 888-522-2388 if you wish to combine your IRA accounts.<sup>4</sup>*

### WITHDRAWALS FROM YOUR IRA

#### Mandatory Withdrawals

You are required to begin taking minimum distributions from your traditional IRA by April 1 following the year you turn 70½.

Mandatory distributions that represent deductible contributions and all earnings are taxed as ordinary income in the year withdrawn. Nondeductible contributions are distributed tax-free.

#### Other Withdrawals

Generally, IRA withdrawals of contributions and earnings made on or after age 59½ are taxed as ordinary income. Whereas withdrawals of nondeductible funds made on or after 59½ are distributed tax-free.

Withdrawals made before age 59½ are subject to a 10% penalty (in addition to ordinary income tax), unless it satisfies one of the following:

- Substantially equal periodic payments under Section 72(t)
- Disability
- Death
- Pay for insurance premiums if you have received unemployment compensation for more than 12 weeks
- Non-reimbursable medical expenses greater than 10% of your adjusted gross income
- Pay for higher education expenses
- First-time homebuyers to pay for the purchase of their first home, subject to a lifetime limit of \$10,000
- IRS levy

# ROTH IRA

**A Roth IRA is a tax-deferred and potentially tax-free retirement account available to all working individuals and their spouse who meet certain income requirements.**

## ELIGIBILITY REQUIREMENTS

- Individuals with earned income
- Annual contributions in 2019 may be made by individuals with modified adjusted gross income (MAGI)<sup>5</sup> up to \$122,000 and by couples filing jointly with MAGI up to \$193,000. The eligible contribution amount gradually decrease for single taxpayers with MAGI between \$122,000 and \$137,000<sup>1</sup> and for couples filing jointly with MAGI between \$193,000 and \$203,000.<sup>1,6,7</sup>
- Pre-tax contributions you make to a 401(k), 403(b), governmental 457(b), or SIMPLE IRA will reduce your adjusted gross income potentially making you eligible to make Roth IRA contributions.
- Contributions can be made at any age as long as you or your spouse have compensation and satisfy the annual income test.

Tax Filing Status	2019 Income (MAGI)	2018 Income (MAGI)
Single	\$122,000–137,000	\$120,000–135,000
Married filing jointly	\$193,000–203,000	\$189,000–199,000
Married filing separately <sup>6</sup>	\$0–10,000	\$0–10,000

## CONTRIBUTION LIMITS

- In 2019, an individual can contribute up to \$6,000 to a Roth IRA.
- Eligible individuals age 50 or over (at any time during the year) may contribute an additional annual contribution of \$1,000 to their Roth IRA. This is called a “catch-up” contribution.

Year	Under Age 50 Individual Contribution Limit <sup>1</sup>	Age 50 or older “Catch-Up” Contribution <sup>1</sup>
2018	\$5,500	\$1,000
2019	\$6,000	\$1,000

## DEDUCTION RULES

- All Roth IRA contributions are made on aftertax basis, and, therefore, do not provide a current tax deduction.

## CONVERSION FROM A TRADITIONAL IRA TO A ROTH IRA

- You can convert your traditional IRA (including a SEP IRA) to a Roth IRA. All individuals, regardless of income, are eligible to convert assets from their traditional IRA to a Roth IRA.
- Income taxes will be due on the taxable amount converted to the Roth IRA.
- An early withdrawal penalty will not be assessed if the conversion occurs before age 59½, provided the converted amount remains in the Roth IRA for a period of five years.

## COMBINING ROTH CONVERSION AND ROTH IRAS

You may want to combine your Roth IRA conversion account with your Roth IRA contributory account. Consolidating your account allows you to receive your Lord Abbett IRA account summary on a single statement.

*Lord Abbett will not automatically combine all your IRA accounts. Please contact us at 888-522-2388 if you wish to combine your IRA accounts.<sup>4</sup>*

## ROLLOVER AND TRANSFER

Assets may be sent directly to Lord Abbett from a designated Roth 401(k), Roth 403(b), Roth 457(b), or another Roth IRA, regardless of your income.

However, moving pretax assets from a former employer’s workplace retirement plan to a Roth IRA is subject to taxation.

## ROTH IRA (continued)

### Direct Rollover

When you retire or leave your job, your employer is required to give you the option of having your eligible Roth 401(k) or Roth 403(b) rollover distribution transferred directly to your Roth IRA or another qualified plan that offers the Roth option.

To transfer a 401(k) or another workplace retirement plan to a Lord Abbett IRA, please follow these steps:

- Complete a Lord Abbett Roth IRA Application.
- Instruct your former employer to make a check payable to "Lord Abbett Funds, IRA For the Benefit Of: [Your Name]" Include your Social Security number, newly assigned IRA account number and the words "direct rollover" on the check. The check can be sent to you or forwarded directly to Lord Abbett.

### Roth IRA Transfers

This occurs when you move your Roth IRA from one institution to another.

- You also may have the funds sent to Lord Abbett directly from your prior IRA custodian.
- If you take receipt of the assets, you generally have 60 days to deposit the funds into a new Roth IRA or be subject taxation and a potential penalty.
- If you are a non-spouse beneficiary, you may transfer an account in a "Decedent IRA." The account would be titled, "John Doe, deceased, FBO: John's beneficiary. The asset transfer must come directly to Lord Abbett from the prior account, otherwise it's an ineligible transfer subjecting you to potential taxation

*New IRS guidance, effective in 2015, allow for one 60-day IRA rollover per every 365 days. Consult with your tax professional for information*

### MANDATORY WITHDRAWALS

Roth IRAs are not subject to lifetime minimum distributions.

### Other Withdrawals from Your Roth IRA

- Roth IRA distributions, based on your annual contributions may be made at any time and age on a tax-free basis.
- Distributions based on assets converted from a traditional IRA maybe subject to taxation.

- Distributions, including earnings, may be made tax-free if the account has been held at least five years and the individual has reached age 59 ½, is disabled, has died, or uses the funds for the purchase of a first home.
- Early withdraw penalties will be waived for distributions made before age 59½ so long as it's made for one of the following reasons:
  - Substantially equal periodic Payments under Section 72(t)
  - Disability
  - Death
  - Pay for insurance premiums if you have received unemployment compensation for more than 12 weeks
  - Non-reimbursable medical expenses greater than 10% of your adjusted gross income.
  - Pay for higher education expenses
  - First-time homebuyers to pay for the purchase of a first home, subject to a lifetime limit of \$10,000
  - IRS levy

### CONTRIBUTION LIMITS FOR TRADITIONAL AND ROTH IRAS

In 2019, you may contribute up to the maximum allowable IRA contribution limit of \$6,000 (\$7,000 if you are age 50 or older). However, this is a combined contribution limit to all of your IRAs.

### DEADLINES FOR TRADITIONAL AND ROTH IRAS

You are eligible to make IRA contributions at any time throughout the year. Further, you are permitted to make a contribution for the prior tax year as late as your tax-filing deadline of the following year, generally April 15.

# ADDITIONAL INFORMATION

## SAVER'S TAX CREDIT

You may be eligible to receive a tax credit for funding your traditional or Roth IRA. The Saver's Credit is a nonrefundable federal income tax credit available to taxpayers with adjusted gross income (AGI) of less than \$64,000. The maximum annual contribution eligible for the credit is \$2,000, and the maximum credit is 50%, making the maximum credit \$1,000.

Tax Credit % <sup>1</sup>	50%	20%	10%	Ineligible for Credit
Married filing jointly	Not to exceed \$38,500	\$38,501–41,500	\$41,501–64,000	Greater than \$64,000
Head of household	Not to exceed \$28,875	\$28,876–31,125	\$31,126–48,000	Greater than \$48,000
Single	Not to exceed \$19,250	\$19,251–20,750	\$20,751–32,000	Greater than \$32,000

## SEP IRAS AND SAR SEP IRAS

SEP IRA and SAR SEP IRA plans are employer-sponsored retirement plans using the IRA model that provide contributions to plan participants. In addition, a SAR SEP IRA allows participants to save through pretax payroll contributions.

A SEP IRA allows your employer to make an annual contribution to your account. Individuals covered by a SEP IRA may receive a contribution up to 25% of compensation, but not to exceed \$56,000 in 2019.

Lord Abbett also accepts SAR SEP IRA transfers.

**Note:** As of December 31, 1996, no new SAR SEP IRA plans can be established. However, if your employer sponsors a SAR SEP IRA, you may be eligible to participate.

## NO CUSTODIAL FEE

The annual custodial fee for the various IRAs is now waived.\*

\*Lord Abbett will waive (or otherwise pay) the yearly \$10.00 custodial fee that would be charged each year on an ongoing basis to every new IRA account, and, therefore, will not assess a custodial account fee in 2019 or any year afterward. Fund-level fees and expenses are still applicable. Please see a fund's current prospectus.

# LORD ABBETT IRA SERVICES

Lord Abbett provides a variety of IRA services that make managing your account easy and convenient.

- For 24-hour account access, view your account online at lordabbett.com or call our automated shareholder service line at 800-865-7582.
- To speak with a representative, call 800-842-0828, Monday through Friday, 8:30 a.m.–6:00 p.m. ET.
- Lord Abbett will mail you statements providing important account information and activity.
- You will receive a written confirmation of all new contributions.
- Individuals with traditional IRAs and SEP IRAs will receive notification of the requirement to take a distribution upon reaching age 70½.

## IMPORTANT INFORMATION

Before opening a Lord Abbett IRA, please be sure to read the Lord Abbett IRA Custodial Agreement and the UMB Bank Privacy Policy. Keep this document for your records.

Call Lord Abbett at 888-522-2388 or visit us at [lordabbett.com](http://lordabbett.com) to obtain the following:

- IRA Application (traditional and Roth)
- IRA Custodial Agreement
- SEP IRA Application
- SAR SEP IRA Application
- IRA Transfer Application
- Roth IRA Conversion Form
- UMB Bank Privacy Policy

THE FOLLOWING TABLE INDICATES WHICH FORMS ARE NECESSARY TO ESTABLISH YOUR IRA.

Type of IRA	REQUIRED FORMS		
	Lord Abbett IRA Application and Custodial Agreement	Lord Abbett IRA Transfer Application (to initiate the release of existing assets from another institution)	Lord Abbett Roth IRA Conversion Form
New traditional or Roth IRA	X		
Transfer traditional or Roth IRA with existing assets	X <sup>▲</sup>	X <sup>▲</sup>	
Transfer rollover IRA with existing assets	X	X <sup>▲</sup>	
New rollover IRA (traditional or Roth)	X	Forms provided by prior employer	
Transfer a traditional IRA and convert to a Roth IRA	X	X	X
New SEP IRA or new participant in a SAR-SEP IRA account	X		
Transfer SEP IRA or SAR SEP IRA with existing assets	X <sup>▲</sup>	X <sup>▲</sup>	
Combine two Lord Abbett Roth IRAs into one			X

<sup>▲</sup> If the traditional, Roth, rollover, or SEP IRA account receiving the assets has already been established at Lord Abbett, the completion of the transfer and rollover form in the Lord Abbett traditional IRA and Roth IRA application booklet is the only requirement.

<sup>1</sup> This amount may be adjusted to reflect annual cost-of-living increases by the IRS.

<sup>2</sup> MAGI is your gross income minus those deductions that are available to all taxpayers, even if they do not itemize. Instructions to calculate your AGI are provided with your income tax form 1040 or 1040A.

<sup>3</sup> If you are over the age of 70½, your required minimum distribution (RMD) may not be transferred into your IRA (Roth or traditional) or another qualified plan.

<sup>4</sup> Combining a rollover and a contributory IRA may result in the loss of income averaging and capital gains treatment with respect to the rollover assets, if applicable. It also may affect the calculation you may need to perform to exempt your rollover IRA from any claims in the event of bankruptcy. You should consult your tax advisor before combining accounts.

<sup>5</sup> For purposes of the Roth IRA contribution limits, AGI is not reduced by the amount of any deduction taken for a contribution to a traditional IRA for the year, nor does AGI include income from the conversion of a traditional IRA to a Roth IRA.

<sup>6</sup> For married individuals filing separate returns, the income range for reduced contributions generally extends from \$0 to \$10,000.

<sup>7</sup> Active participation in an employer-sponsored retirement plan does not reduce the amount you can contribute to a Roth IRA.

To comply with Treasury Department regulations, we inform you that, unless otherwise expressly indicated, any tax information contained herein is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties that may be imposed under the Internal Revenue Code or any other applicable tax law, or (ii) promoting, marketing, or recommending to another party any transaction, arrangement, or other matter.

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### FOR MORE INFORMATION:

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