CONSECO INSURANCE COMPANY
A life and health insurance company

CONSECO
Step up.

Roth IRA fact sheet

Since its introduction in 1998, the Roth IRA has been praised for its simplicity and ingenuity. More important, it gives many Americans a new chance to put money away for the future. Roth IRAs let you prosper in two ways. First, your earnings grow tax-free. Second, you can withdraw your earnings tax-free. Think of Roth IRAs as one of the few tax breaks for the little guy!

Reduce taxes

A Roth IRA isn't tax-deductible like a regular IRA. But unlike a regular IRA, you can make tax-free withdrawals. After a five-year holding period, you can take money out of a Roth IRA without income tax ***or*** income-tax penalty:

- When you reach the age of 59½
- If you die or become disabled
- When you purchase your first home—up to $10,000

Why are Roth IRAs so attractive?

One big reason—more people can take part in a Roth IRA than a traditional IRA. If you're single, with an annual adjusted gross income (AGI) up to $95,000, you can contribute as much as $3,000 per year. If you file jointly with an AGI up to $150,000, you and your spouse can contribute up to $6,000 per year.

The future looks bright

Contribution limits for all ages will increase. In 2005, singles can put away $4,000. Married couples $8,000. In 2008, singles reach $5,000 and married couples $10,000.

You can play catch-up, too

If you or your spouse are aged 50 or older, you may each contribute an extra $500 per year through 2005. And after 2006, you may each contribute an extra $1,000 annually.

Consider a conversion

Is your adjusted income $100,000 or less? If so, you can convert a regular IRA to a Roth IRA *without a premature withdrawal tax penalty.* Even though the amount you convert is included in income, there is no penalty tax unless you later withdraw an amount within five years of the conversion. If you follow the Roth rules, you can take your money out of the Roth—income-tax free and tax-penalty free.

No age restrictions

With Roth IRAs, it's no sin to be a senior. If you and your spouse still earn income, you can contribute to the Roth IRA—even beyond age 70½.

No distribution requirements during your life

Plus, you don't have to take your money out until you are good and ready. Unlike a regular IRA, a Roth IRA does not demand that you take distributions at age 70½. However, Roth IRAs do require minimum distributions *after the death of the owner.*

If you take a distribution that is not a qualified distribution (a distribution taken after holding the account 5 years or more and meeting one of the other criteria mentioned at the beginning of this fact sheet), then any taxable withdrawals made prior to age 59½ may also be subject to a 10% federal income-tax penalty on the amount includable in income. Conseco Insurance Company is not a tax adviser. This guide is based on current tax law and is intended for general information only. Always consult your tax adviser regarding your personal situation and the effect of current tax legislation before you make a tax-related decision.

For more information about a Roth IRA, ask your agent or consult your tax adviser.

CONSECO INSURANCE COMPANY
Administrative Office
11825 N. Pennsylvania Street
Carmel, IN 46032

(08/04) 122524

conseco.com

CAA-027