



Invesco Aim Retirement Primer

Choosing the right retirement plan



Choosing the Right Retirement Plan

This information is provided for a general understanding of different types of plans and their features. Contact your investment advisor for complete information on any plan and its application to your particular situation. Note that amounts withdrawn from retirement plans are generally includable as taxable income in the year received and may be subject to tax penalties if withdrawn prior to 59½. Some plans may restrict withdrawals. Exceptions may apply.

| Type of Plan | Key Features |
|--|---|
| Roth IRA | <ul style="list-style-type: none"> ■ Contributions are not allowed if an individual's income exceeds the modified adjusted gross income (AGI) limits. ■ Contributions are nondeductible. ■ Permits tax-free and generally penalty-free withdrawals of contributions at any time. ■ Anyone who is not filing a "married filing separately" tax return and has a modified AGI that does not exceed \$100,000 can convert a traditional IRA to a Roth IRA.¹ ■ Tax-free and penalty-free distributions are allowed after the account has been maintained for five years and the owner has met one of the following conditions: age 59½ or older, permanently disabled, the beneficiary of an IRA whose owner has died or a first time homebuyer (up to \$10,000). |
| Traditional IRA | <ul style="list-style-type: none"> ■ Contributions are allowed as long as the individual has earned income and has not reached 70½. ■ Contributions may be deductible. Tax deductibility of contributions depends on compensation level and whether the IRA owner participates in an employer-sponsored retirement plan. |
| Simplified Employee Pension (SEP) Plan | <ul style="list-style-type: none"> ■ Minimal paperwork and reporting. ■ Employers can change their annual contributions. ■ Deductible employer contributions are made directly to employees' IRAs. ■ All contributions must be 100% vested immediately. |
| SIMPLE IRA | <ul style="list-style-type: none"> ■ Inexpensive 401(k)-type plan for the smaller business owner. ■ No 401(k)-type discrimination testing. ■ Employees make elective deferrals. ■ Deductible employer contributions are made directly to employees' IRAs. ■ Employer contributions are mandatory. ■ All contributions must be 100% vested immediately. |
| Solo 401(k) | <ul style="list-style-type: none"> ■ 401(k) program designed for business owners with no employees.² ■ Business owner contribution requirements are set in the plan document. Contributions may be discretionary. ■ Participant loans are available if permitted by the plan. |
| Age-Weighted, New Comparability and Profit Sharing Plans | <ul style="list-style-type: none"> ■ Age-weighted formula is determined by the salary range and age of employees. ■ New comparability formula groups employees into categories and then bases the formula on each group as governed by nondiscrimination regulations. ■ Profit sharing contribution requirements are set in the plan document. Contributions may be discretionary. ■ Employers may add a 401(k) salary deferral feature for all plans. ■ Participant loans are available for all if permitted by the plan. ■ Vesting schedule is determined by the employer for all plans. ■ Due to the complexity of the contribution calculation and nondiscrimination testing, retirement plan administrative services are necessary. |
| Super Comparability 401(k) and Safe Harbor 401(k) | <ul style="list-style-type: none"> ■ Super comparability 401(k) combines the features of a new comparability plan with 401(k) safe harbor provisions. ■ Safe harbor 401(k) permits employers to choose either a 3% profit sharing contribution or a 4% match on a 5% deferral. ■ Employer contribution must be made each year to maintain safe harbor provisions. ■ No 401(k)-type discrimination testing for either plan. ■ Participant loans are available for either if permitted by the plan. ■ Due to the complexity of the contribution calculation, retirement plan administrative services are necessary. |
| Tax-Sheltered Account 403(b) Plan | <ul style="list-style-type: none"> ■ Participants can make pretax salary deferral contributions. ■ Permits higher contribution limits than traditional IRAs. ■ Participant loans are available if permitted by the plan. ■ Employer contributions are allowed if included in the plan. |
| 401(k) Plan | <ul style="list-style-type: none"> ■ Permits pretax salary deferral contributions. ■ Due to complicated discrimination testing and tax reporting, third-party administrative services are recommended. ■ Employer matching and profit sharing contributions may be discretionary if permitted by the plan. ■ Participant loans are available if permitted by the plan. ■ Vesting schedule on employer contributions is determined by the employer. |

| Who Can Establish | 2008 Annual Contribution |
|--|---|
| Individuals | <p>Who contributes: individual Up to the lesser of \$5,000 or taxable compensation (\$6,000 if 50 or older) aggregate limit for Roth and traditional IRAs. Contributions must be made by April 15 to be considered a prior-calendar-year contribution.</p> <ul style="list-style-type: none"> ■ Anyone whose earned income does not exceed the following annual modified AGI limits: \$116,000 for single tax filers or \$169,000 for joint tax filers. ■ For married couples filing jointly, a nonworking spouse may also fund a Roth IRA contribution based on the earned income of the working spouse (up to \$5,000, or \$6,000 if 50 or older). |
| Individuals | <p>Who contributes: individual Up to the lesser of \$5,000 or taxable compensation (\$6,000 if 50 or older) aggregate limit for Roth and traditional IRAs. Contributions must be made by April 15 to be considered a prior-calendar-year contribution.</p> <ul style="list-style-type: none"> ■ Anyone with earned income before the tax year in which 70½ is attained. ■ For married couples filing jointly, a nonworking spouse may also fund an IRA contribution based on the earned income of the working spouse (up to \$5,000, or \$6,000 if 50 or older). |
| Self-employed persons, partnerships, corporations and nonprofit groups | <p>Who contributes: employer Up to the lesser of 25% of an employee's eligible compensation or \$46,000.</p> |
| Self-employed persons, partnerships, corporations, nonprofit groups, tax-exempt institutions and government entities with 100 or fewer employees Generally, the employer may not maintain another plan. | <p>Who contributes: employee and employer</p> <ul style="list-style-type: none"> ■ Employees can defer up to \$10,500 (\$13,000 if 50 or older). ■ Employer must choose one of two options: <ul style="list-style-type: none"> - Match employee's contribution dollar for dollar, up to 3% of compensation (no salary maximum; match cannot exceed deferral limit).³ - Contribute 2% of each eligible employee's compensation (maximum eligible compensation: \$230,000). |
| Business owners with no employees | <p>Who contributes: business owner</p> <ul style="list-style-type: none"> ■ Business owner can defer up to \$15,500 (\$20,500 if 50 or older) and make up to a 25% discretionary profit sharing contribution. ■ Combined contributions (both salary deferrals and profit sharing) cannot exceed the lesser of 100% of compensation or \$46,000 per person (\$51,000 if 50 or older). |
| Self-employed persons, partnerships, corporations and nonprofit groups | <p>Who contributes: employer</p> <ul style="list-style-type: none"> ■ Up to the lesser of 100% of eligible compensation or \$46,000 per employee. Total employer contribution cannot exceed 25% of total eligible compensation. ■ Maximum eligible compensation: \$230,000. |
| Partnerships, corporations and nonprofit groups (no government entities) Employers must provide a 30-day notice before establishing plan. | <p>Who contributes: employee and employer</p> <ul style="list-style-type: none"> ■ Employees can defer up to \$15,500 (\$20,500 if 50 or older). ■ Deferrals and employer contributions cannot exceed the lesser of 100% of compensation or \$46,000 per employee. Catch-up deferrals are not included in this limit. ■ Total employer contributions to the plan cannot exceed 25% of total eligible compensation. (Employer contributions exclude employee deferrals.) ■ Maximum eligible compensation: \$230,000. |
| Employees of universities, colleges, hospitals, churches, schools and other nonprofit 501(c)(3) groups | <p>Who contributes: employee and employer Up to the lesser of 100% of eligible compensation or \$15,500 (\$20,500 if 50 or older).⁴</p> |
| Partnerships, corporations and nonprofit groups (no government entities) | <p>Who contributes: employee and employer</p> <ul style="list-style-type: none"> ■ Employees can defer up to \$15,500 (\$20,500 if 50 or older). ■ Deferrals and employer contributions cannot exceed the lesser of 100% of compensation or \$46,000 per employee. Catch-up deferrals are not included in this limit. ■ Total employer contributions to the plan cannot exceed 25% of total eligible compensation. (Employer contributions exclude employee deferrals.) ■ Maximum eligible compensation: \$230,000. |

1 Subsequent withdrawals of assets previously converted from a traditional IRA to a Roth IRA may be subject to certain withdrawal penalties. The income limitation for a Roth IRA conversion will be lifted in 2010.

2 Solo business owners can be defined as one individual (or the individual and his/her spouse) who owns 100% of the business, or one or more partners (or partners and their spouses).

3 In two years of any five-year period, match can be reduced to 1% of compensation.

4 Some employees may be eligible for additional catch-up contributions.

2009 Annual Contribution

Who contributes: individual

Up to the lesser of \$5,000 or taxable compensation (\$6,000 if 50 or older) aggregate limit for Roth and traditional IRAs. Contributions must be made by April 15 to be considered a prior-calendar-year contribution.

- Anyone whose earned income does not exceed the following annual modified AGI limits: \$120,000 for single tax filers or \$176,000 for joint tax filers.
- For married couples filing jointly, a nonworking spouse may also fund a Roth IRA contribution based on the earned income of the working spouse (up to \$5,000, or \$6,000 if 50 or older).

Who contributes: individual

Up to the lesser of \$5,000 or taxable compensation (\$6,000 if 50 or older) aggregate limit for Roth and traditional IRAs. Contributions must be made by April 15 to be considered a prior-calendar-year contribution.

- Anyone with earned income before the tax year in which 70½ is attained.
- For married couples filing jointly, a nonworking spouse may also fund an IRA contribution based on the earned income of the working spouse (up to \$5,000, or \$6,000 if 50 or older).

Who contributes: employer

Up to the lesser of 25% of an employee's eligible compensation or \$49,000.

Who contributes: employee and employer

- Employees can defer up to \$11,500 (\$14,000 if 50 or older).
- Employer must choose one of two options:
 - Match employee's contribution dollar for dollar, up to 3% of compensation (no salary maximum; match cannot exceed deferral limit).³
 - Contribute 2% of each eligible employee's compensation (maximum eligible compensation: \$245,000).

Who contributes: business owner

- Business owner can defer up to \$16,500 (\$22,000 if 50 or older) and make up to a 25% discretionary profit sharing contribution.
- Combined contributions (both salary deferrals and profit sharing) cannot exceed the lesser of 100% of compensation or \$49,000 per person (\$54,500 if 50 or older).

Who contributes: employer

- Up to the lesser of 100% of eligible compensation or \$49,000 per employee. Total employer contribution cannot exceed 25% of total eligible compensation.
- Maximum eligible compensation: \$245,000.

Who contributes: employee and employer

- Employees can defer up to \$16,500 (\$22,000 if 50 or older).
- Deferrals and employer contributions cannot exceed the lesser of 100% of compensation or \$49,000 per employee. Catch-up deferrals are not included in this limit.
- Total employer contributions to the plan cannot exceed 25% of total eligible compensation. (Employer contributions exclude employee deferrals.)
- Maximum eligible compensation: \$245,000.

Who contributes: employee and employer

Up to the lesser of 100% of eligible compensation or \$16,500 (\$22,000 if 50 or older).⁴

Who contributes: employee and employer

- Employees can defer up to \$16,500 (\$22,000 if 50 or older).
- Deferrals and employer contributions cannot exceed the lesser of 100% of compensation or \$49,000 per employee. Catch-up deferrals are not included in this limit.
- Total employer contributions to the plan cannot exceed 25% of total eligible compensation. (Employer contributions exclude employee deferrals.)
- Maximum eligible compensation: \$245,000.

All rules related to the establishment or maintenance of each plan type are not included in this summary. Additional rules may also apply if an employer maintains multiple plans.

Please consult your tax advisor for detailed information. Invesco Aim representatives are not tax advisors.

Federal Tax Rates and Schedules for 2008 and 2009

| Federal Income Tax for 2008: Single | | | Federal Income Tax for 2009: Single | | |
|--|---------------------------------------|--|--|---------------------------------------|--|
| If taxable income is over ... | But not over ... | The tax is ... | If taxable income is over ... | But not over ... | The tax is ... |
| \$0 | \$8,025 | 10% of the amount over \$0 | \$0 | \$8,350 | 10% of the amount over \$0 |
| \$8,025 | \$32,550 | \$802.50 plus 15% of the amount over \$8,025 | \$8,350 | \$33,950 | \$835 plus 15% of the amount over \$8,350 |
| \$32,550 | \$78,850 | \$4,481.25 plus 25% of the amount over \$32,550 | \$33,950 | \$82,250 | \$4,675 plus 25% of the amount over \$33,950 |
| \$78,850 | \$164,550 | \$16,056.25 plus 28% of the amount over \$78,850 | \$82,250 | \$171,550 | \$16,750 plus 28% of the amount over \$82,250 |
| \$164,550 | \$357,700 | \$40,052.25 plus 33% of the amount over \$164,550 | \$171,550 | \$372,950 | \$41,754 plus 33% of the amount over \$171,550 |
| \$357,700 | No limit | \$103,791.75 plus 35% of the amount over \$357,700 | \$372,950 | No limit | \$108,216 plus 35% of the amount over \$372,950 |
| Federal Income Tax for 2008: Married filing jointly or qualifying widower | | | Federal Income Tax for 2009: Married filing jointly or qualifying widower | | |
| If taxable income is over ... | But not over ... | The tax is ... | If taxable income is over ... | But not over ... | The tax is ... |
| \$0 | \$16,050 | 10% of the amount over \$0 | \$0 | \$16,700 | 10% of the amount over \$0 |
| \$16,050 | \$65,100 | \$1,605 plus 15% of the amount over \$16,050 | \$16,700 | \$67,900 | \$1,670 plus 15% of the amount over \$16,700 |
| \$65,100 | \$131,450 | \$8,962.50 plus 25% of the amount over \$65,100 | \$67,900 | \$137,050 | \$9,350 plus 25% of the amount over \$67,900 |
| \$131,450 | \$200,300 | \$25,550 plus 28% of the amount over \$131,450 | \$137,050 | \$208,850 | \$26,637.50 plus 28% of the amount over \$137,050 |
| \$200,300 | \$357,700 | \$44,828 plus 33% of the amount over \$200,300 | \$208,850 | \$372,950 | \$46,741.50 plus 33% of the amount over \$208,850 |
| \$357,700 | No limit | \$96,770 plus 35% of the amount over \$357,700 | \$372,950 | No limit | \$100,894.50 plus 35% of the amount over \$372,950 |
| Capital Gains Tax for 2008: Individuals | | | Capital Gains Tax for 2009: Individuals | | |
| Tax Bracket | Short-term (less than 12 months) rate | Long-term (longer than 12 months) rate | Tax Bracket | Short-term (less than 12 months) rate | Long-term (longer than 12 months) rate |
| 10% | Ordinary income tax rate | 0% | 10% | Ordinary income tax rate | 0% |
| 15% | Ordinary income tax rate | 0% | 15% | Ordinary income tax rate | 0% |
| All other brackets | Ordinary income tax rate | 15% | All other brackets | Ordinary income tax rate | 15% |
| Standard Deduction for 2008 | | | Standard Deduction for 2009 | | |
| Filing Status | Deduction | | Filing Status | Deduction | |
| Single | \$5,450 | | Single | \$5,700 | |
| Married filing jointly | \$10,900 | | Married filing jointly | \$11,400 | |
| Married filing separately | \$5,450 | | Married filing separately | \$5,700 | |
| Head of household | \$8,000 | | Head of household | \$8,350 | |

This primer is not intended to be tax advice. The information presented is based on current interpretation of federal tax law. State income tax laws may differ.

Traditional and Roth IRA Contribution Limits and Deductibility Guidelines for 2008 and 2009

| Traditional IRA Deductibility 2008: Single¹ | | | Traditional IRA Deductibility 2009: Single¹ | | |
|---|---|---|---|---|---|
| Modified AGI | Younger than 50 Maximum Deductible Contribution | 50 or Older Maximum Deductible Contribution | Modified AGI | Younger than 50 Maximum Deductible Contribution | 50 or Older Maximum Deductible Contribution |
| \$52,999 or less | \$5,000 | \$6,000 | \$54,999 or less | \$5,000 | \$6,000 |
| \$53,000–\$62,999 | \$200–\$5,000 | \$200–\$6,000 | \$55,000–\$64,999 | \$200–\$5,000 | \$200–\$6,000 |
| \$63,000+ | None | None | \$65,000+ | None | None |
| Traditional IRA Deductibility 2008: Married (Filing Jointly)¹ | | | Traditional IRA Deductibility 2009: Married (Filing Jointly)¹ | | |
| Modified AGI | Younger than 50 Maximum Deductible Contribution | 50 or Older Maximum Deductible Contribution | Modified AGI | Younger than 50 Maximum Deductible Contribution | 50 or Older Maximum Deductible Contribution |
| \$84,999 or less | \$5,000 per person | \$6,000 per person | \$88,999 or less | \$5,000 per person | \$6,000 |
| \$85,000–\$104,999 | \$200–\$5,000 | \$200–\$6,000 | \$89,000–\$108,999 | \$200–\$5,000 | \$200–\$6,000 |
| \$105,000+ | None | None | \$109,000+ | None | None |
| Roth IRA Maximum Contribution Limit for 2008: Single | | | Roth IRA Maximum Contribution Limit for 2009: Single | | |
| Modified AGI | Younger than 50 Maximum Contribution | 50 or Older Maximum Contribution | Modified AGI | Younger than 50 Maximum Contribution | 50 or Older Maximum Contribution |
| \$100,999 or less | \$5,000 | \$6,000 | \$104,999 or less | \$5,000 | \$6,000 |
| \$101,000–\$115,999 | \$200–\$5,000 | \$200–\$6,000 | \$105,000–\$119,999 | \$200–\$5,000 | \$200–\$6,000 |
| \$116,000+ | None | None | \$120,000+ | None | None |
| Roth IRA Maximum Contribution Limit for 2008: Married (Filing Jointly) | | | Roth IRA Maximum Contribution Limit for 2009: Married (Filing Jointly) | | |
| Modified AGI | Younger than 50 Maximum Contribution | 50 or Older Maximum Contribution | Modified AGI | Younger than 50 Maximum Contribution | 50 or Older Maximum Contribution |
| \$158,999 or less | \$5,000 per person | \$6,000 per person | \$165,999 or less | \$5,000 per person | \$6,000 |
| \$159,000–\$168,999 | \$200–\$5,000 | \$200–\$6,000 | \$166,000–\$175,999 | \$200–\$5,000 | \$200–\$6,000 |
| \$169,000+ | None | None | \$176,000+ | None | None |

¹ Individuals filing a single return and not active participants in a qualified plan may deduct the full contribution amount. For married couples filing jointly, if neither person is an active participant in a qualified plan, the full contribution amount is deductible. For married couples filing jointly where one person isn't an active participant in a qualified plan but whose spouse is, the maximum deductible contribution for 2008 is phased out for combined modified AGI between \$159,000 and \$169,000; for 2009, the maximum deductible contribution is phased out for combined modified AGI between \$166,000 and \$176,000.

Consider the investment objectives, risks, and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial advisor and read it carefully before investing.

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.

Invesco AimSM is a service mark of Invesco Aim Management Group, Inc. Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco PowerShares Capital Management LLC are the investment advisors for the products and services represented by Invesco Aim; they each provide investment advisory services to individual and institutional clients and do not sell securities. Please refer to each fund's prospectus for information on the fund's subadvisors. Invesco Aim Distributors, Inc. is the U.S. distributor for the retail mutual funds, exchange-traded funds and institutional money market funds represented by Invesco Aim. All entities are indirect, wholly owned subsidiaries of Invesco Ltd.

Supplemental Information

As of Sept. 30, 2009, Invesco Aim's assets under management were approximately \$157 billion and Invesco Ltd.'s assets under management were approximately \$417 billion.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Consider the investment objectives, risks, and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial adviser and read it carefully before investing.

Note: Not all products, materials or services available at all firms. Advisers, please contact your home office.

Invesco AimSM is a service mark of Invesco Aim Management Group, Inc. Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco PowerShares Capital Management LLC are the investment advisers for the products and services represented by Invesco Aim; they each provide investment advisory services to individual and institutional clients and do not sell securities. Please refer to each fund's prospectus for information on the fund's subadvisers. Invesco Aim Distributors, Inc. is the U.S. distributor for the retail mutual funds, exchange-traded funds and institutional money market funds represented by Invesco Aim. All entities are indirect, wholly owned subsidiaries of Invesco Ltd.

It is anticipated that on or about the end of the fourth quarter of 2009, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. will be merged into Invesco Institutional (N.A.), Inc., and the consolidated adviser firm will be renamed Invesco Advisers, Inc. Additional information will be posted at invescoaim.com on or about the end of the fourth quarter of 2009.

