

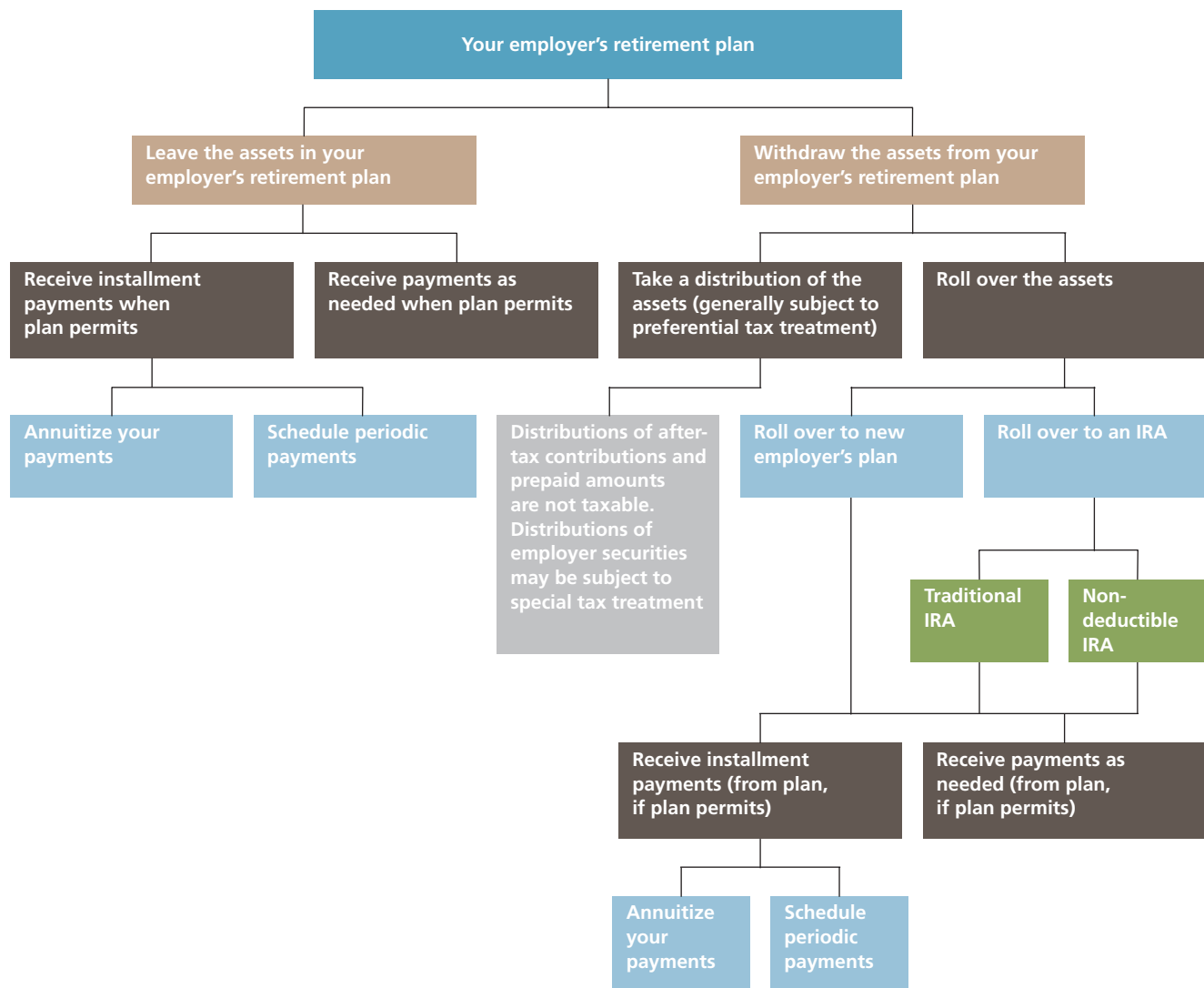
# Puerto Rico IRA Rollover

## Disclosure

The assets in your employer's Puerto Rico-only qualified retirement plan may be the largest sum of money you have ever accumulated. As a result, it is important to understand:

- The distribution options that are available to you
- The investment and non-investment factors that may shape your decision about which option to select

### Distribution options



# Considerations

## Investment considerations

### Maximizing your investment options

Determine whether the investment options in your employer's Puerto Rico-only qualified retirement plan (PR Employer Plan) address your needs or whether you might want to consider other types of investments.

- A PR Employer Plan may have broader investment menu than a Puerto Rico IRA (PR IRA) which, depending on your PR IRA provider, may have limited investment options due to investment requirements imposed by law.
- PR Employer Plans may have unique investment options not available to the public such as previously closed funds, employer securities or stable value investment funds.
- Because of the buying power of the pooled assets in your PR Employer Plan, you may have access to investment options that might otherwise be inaccessible because of high minimum investment requirements.

### Managing your investment costs

All investments have costs associated with them, whether in a PR IRA or your PR Employer Plan.

- If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your PR Employer Plan and how the costs of those share classes compare with those available in a PR IRA.
- You should determine whether you can continue to invest in the same mutual fund share classes in a PR IRA as you did in your PR Employer Plan and whether there are any other special programs or benefits available to you as a result of your investments in the plan.
- If your PR Employer Plan has a brokerage "window," you should compare the administrative costs and per trade costs applicable in the window to those available in a PR IRA.
- Depending on the type of investment structure available in a PR IRA, you may be able to pay an asset based fee rather than transactional fees on each investment.
- You should understand the various products and services you might take advantage of at a PR IRA provider and the potential costs of those products and services.

### Availability of advice

A PR IRA may offer you access to advice and services that may not be available in your PR Employer Plan.

- If you are not comfortable making investment decisions without professional assistance, you should consider whether your PR Employer Plan offers enough assistance for your needs.
- If you want a professional to be able to consider all of your assets including those from the plan holistically, in a financial planning context, you may want to consider a PR IRA provider.
- If you want a professional to manage your assets on a discretionary basis, you may want to consider a PR IRA provider.

## Non-investment considerations

### Accessing your assets

#### *Withdrawals*

- It may be easier to access assets in a PR IRA than in your PR Employer Plan, which may have restrictions on your ability to access assets before retirement age.
- PR IRA assets can be accessed any time; however, distributions are subject to income tax and may also be subject to a 10% early distribution statutory penalty (unless they qualify for an exception such as disability, higher education expenses or the purchase of a home) as well as early withdrawal penalties imposed by your PR IRA Provider.
- Another exception to the 10% early distribution penalty is "1081.02(g)(2) payments" which permit annual distributions based on life expectancy. PR Employer Plans may not always provide for 1081.02(g)(2) payments.
- If an individual separates from service before attaining the age of 60, distributions from the employer's plans (but not IRAs) are exempt from the 10% early distribution penalty.
- Required minimum distributions must be taken from traditional PR IRAs beginning at age 75 but do not apply to PR Employer Plans.

#### *Loans*

- Once you terminate employment, you may not be able to take a loan from your PR Employer Plan since most do not permit loans to inactive employees.
- Loans are not available from PR IRAs.

### Managing administrative fees

Both PR IRAs and PR Employer Plans have administrative costs associated with them. You may need to do some research to be able to compare them:

#### *PR IRAs*

- Many PR IRA providers charge an annual account fee to cover tax reporting, required minimum distribution calculations and other account services.

#### *PR Employer Plans*

- Your employer may be paying the administrative expenses for its retirement plan. If not, you are paying for employer retirement plan administrative fees that may include recordkeeping for the plan, legal fees, accounting fees, plan communications and other miscellaneous expenses either through deductions from your account or higher investment costs.
- You should determine whether your PR Employer Plan imposes different fees on terminated employees that you are not used to paying. For example, some companies pay administrative expenses only for active employees, meaning once you terminate employment, you may be charged with these expenses.

## Simplifying your accounts

Combining all your retirement assets into one account can be beneficial in a number of ways:

- Fewer web sites, passwords and PIN numbers to remember.
- Simpler to calculate and take your annual required minimum distribution.
- Easier to keep track of all your retirement assets.
- And, if you consolidate into a PR IRA:
  - You can designate an overall investment portfolio in combination with your non-retirement assets.
  - You won't be subject to changes in your PR Employer Plan or policies.

- You can convert to a non-deductible IRA if you want to avoid required minimum contributions and paying taxes on distributions. Your PR Employer Plan may not have a non-deductible option.

## Protecting assets from creditors

- Generally, U.S. Federal law protects assets in qualified plans from creditors. PR IRA assets are generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.

## Planning for wealth transfer (estate planning)

- Like PR Employer Plans, PR IRAs permit beneficiary designations. However, distributions upon death may be subject to Puerto Rico inheritance laws depending on your personal circumstances.

## Disclosures

UBS Trust Company of Puerto Rico is the trustee of the UBS Puerto Rico IRA and the UBS Puerto Rico Roth IRA. The UBS Puerto Rico IRA and UBS Puerto Rico Roth IRA provide for penalties upon withdrawal, which are the following: 4%, 3%, 2% and 1% of the amount withdrawn within the first, second, third and fourth year, respectively, from the date of contribution, with such penalty being eliminated after four years. Such penalties are waived with respect to initial contributions which are invested in shares of common stock of the U.S. Municipal & Income Fund, Inc. ("USMIF") or units of any of the portfolios of the Multi-Select Securities Puerto Rico Fund ("MSSPRF"), both of which are advised by UBS Asset Managers of Puerto Rico, a division of UBS Trust Company of Puerto Rico. Please note that the amounts withdrawn from the UBS Puerto Rico IRA and the UBS Puerto Rico Roth IRA may also be subject to statutory penalties. These statutory penalties could reduce the earnings on your investment. **More detailed information about the investments available through UBS Puerto Rico IRA, UBS Puerto Rico Roth IRA, as well as the USMIF and MSSPRF, including applicable sales charges and other fees, costs (plus annual operating expense ratios, when applicable), penalties, investment objectives and policies, risk factors, and the effects of leverage, is further described in the applicable offering and IRA account opening documentation, which you should read carefully prior to making an investment and is available from your Financial Advisor and on our website [ubs.com/prfunds](https://ubs.com/prfunds).** Investments in the USMIF and MSSPRF, as well as other investments available through the UBS Puerto Rico IRA and UBS Puerto Rico Roth IRA are not intended to provide a complete or balanced investment program but rather, are one component of a long-term program to accumulate assets for retirement. An IRA investment is not a deposit or obligation of UBS Financial Services Incorporated of Puerto Rico or its affiliates and is not insured by the FDIC, the U.S. Federal Reserve Board, or any other U.S. Government instrumentality. **An IRA investment may lose value.** UBS Financial Services Incorporated of Puerto Rico and UBS Trust Company of Puerto Rico do not provide legal or tax advice. You should contact your lawyer or tax consultant. This is not an offer, or a solicitation of an offer, to buy or sell any particular investment or a recommendation to roll over your retirement assets into an IRA. Such offering is made only by the corresponding investment's offering documentation.

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UBS Trust Company of Puerto Rico is an IRA provider. There are many IRA providers offering varying degrees of service from self-service online trading to discretionary investment management. Your individual situation is unique and you should speak to your personal tax and legal advisors before making a decision about your employer's retirement plan.

UBS will not initiate, recommend or solicit a rollover to UBS when UBS is acting as a fiduciary to your employer's qualified retirement plan. If this applies to you and you would like to roll over plan assets to UBS, you must initiate that action independently.

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