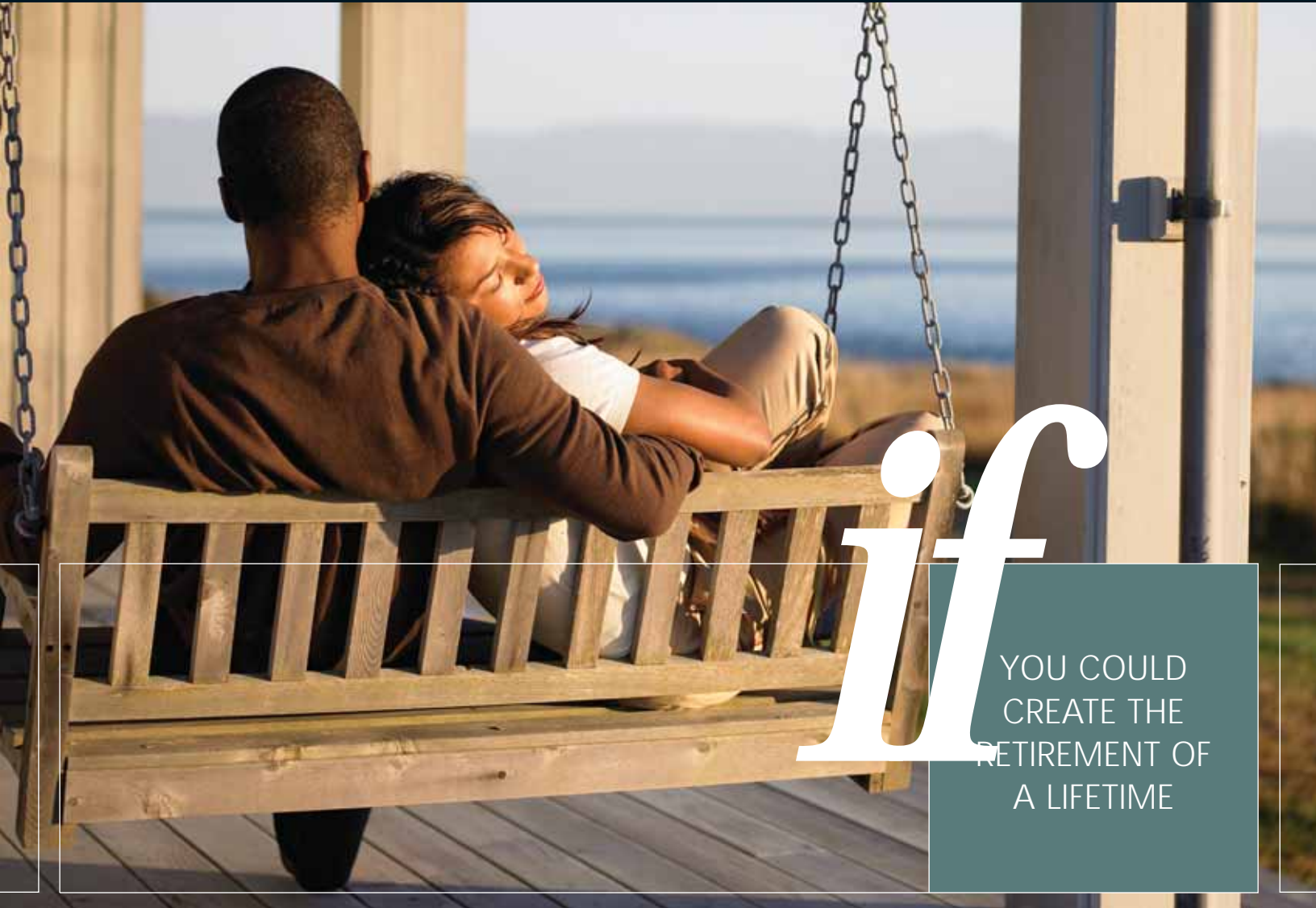


Understanding IRAs

MetLife[®]



if

YOU COULD
CREATE THE
RETIREMENT OF
A LIFETIME

IRA

What you should know about

Traditional and Roth IRAs

If you could create the ideal retirement savings program...

What would it look like?

Would it offer you the ability to invest your assets as you saw fit? The potential to earn returns that are allowed to accumulate on a tax-deferred basis for as long as they remain in the plan? To withdraw assets tax-free when you need them at retirement?

In many ways, Traditional and Roth IRAs are the ideal retirement savings programs. And for many retirement-conscious individuals, these plans represent the foundation of their planning efforts, in conjunction with Social Security, employer pensions and 401(k) or 403(b) plans.

What are Traditional and Roth IRAs? How do they work? And what should you know about them before you establish one versus the other?

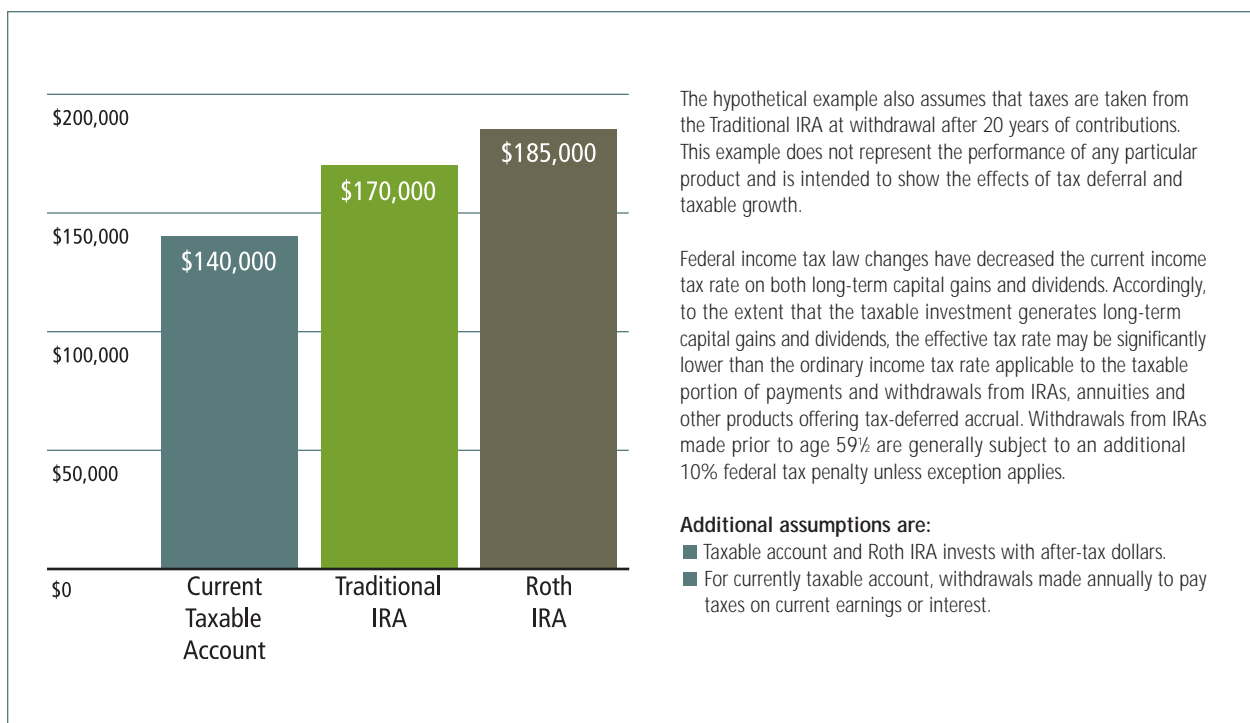
This brief guide explains the basics of these versatile retirement programs, and how they can help you build your own personal safety net for life after work.



The ABCs of IRAs

What can tax-deferred growth and tax-free income mean to you?

The chart below assumes you contribute \$4,000 a year to a taxable investment account, Traditional IRA and Roth IRA. Assuming an 8% annual return over 20 years and a 28% tax bracket, look at what the economic advantages of Traditional and Roth IRAs can mean to you.



Who is eligible?

- **Traditional IRAs:** Anyone under age 70½ with earned income (see chart) may establish a Traditional IRA.
- **Roth IRAs:** Roth IRAs are only available to individuals with adjusted gross income below specific levels (see page 6). Adjusted gross income

is your income from most sources (including wages, interest, capital gains, income from retirement accounts, and alimony paid to you) adjusted downward by specific deductions (including contributions to deductible retirement accounts, alimony paid *by* you, but *not* including standard and itemized deductions.)

What are they?

- Traditional IRAs are accounts that enable you to accumulate assets on a tax-deferred basis. You would only pay income tax when you withdraw assets from the IRA. Depending on your adjusted gross income, you may be able to make deductible contributions (see page 4).
- Roth IRAs offer not only tax-deferred growth, but tax-free income for retirement. Contributions are not tax-deductible.

If you are in the armed forces, here's news: IRA contribution rules have been expanded. Under the Heroes Earned Retirement Opportunities (HERO) Act, if you received tax-free combat pay, it counts in the determination of whether your compensation merits an IRA contribution. This legislation is retroactive to January 1, 2004 — if you received combat pay in 2004 or 2005, you will have an opportunity to make contributions for those years and amend those returns up to May 28, 2009. For those under the age of 50, the IRA contribution limit was \$3,000 for 2004, \$4,000 for 2005. For those 50 and over at the time, the limit was \$3,500 for 2004, \$4,500 for 2005.

How much can you contribute?

- You may contribute up to **\$5,000** or 100% of compensation (whichever is less) in **2008** and **2009**. For subsequent years, contribution limits will be indexed to inflation.
- If you are age 50 or older, you qualify for an additional “catch-up contribution” of \$1,000 a year. For **2008** and **2009**, you may, therefore, contribute up to **\$6,000**, depending on your compensation.
- If you are married and file a joint return, you and your spouse may each contribute up to the allowable annual limit. For **2008** and **2009**, you may, therefore, contribute up to **\$5,000** each or **\$10,000** in total, plus any catch-up contributions that apply.

What is earned income?

INCLUDES	DOES NOT INCLUDE
Wages, Salaries, etc.	Earnings and profits from property
Commissions	Interest and dividend income
Self-employment income	Pension or annuity income
Alimony and separate maintenance	Income from certain partnerships
	Any amounts you exclude from income
	Deferred compensation

Traditional IRAs

offer the following benefits:

Tax-deferred growth

A Traditional IRA grows tax-deferred. In other words, you don't have to pay taxes on your earnings until you make withdrawals—a significant benefit that can help your money grow faster (see chart on page 2).

Possible deductible contributions

For many individuals, contributions to a Traditional IRA may be deductible. Deductibility depends on whether or not you are an active participant in a company-sponsored retirement plan. If you are an active participant, you still may be able to deduct your contribution, if your Adjusted Gross Income (AGI) is below a certain level. The chart below shows the AGI limits for 2009:

WHO IS ELIGIBLE? (2008) FIGURES	100% DEDUCTIBLE	PARTIALLY DEDUCTIBLE	NONDEDUCTIBLE
Single and participates in retirement plan	Less than \$55,000	\$55,000–\$65,000	\$65,000 or more
Married couples who participate in retirement plan	Less than \$89,000	\$89,000–\$109,000	\$109,000 or more
Married couples filing jointly with one spouse covered by retirement plan	Less than \$89,000	\$89,000–\$109,000 Non-covered spouse contribution 100% deductible. Covered spouse contribution partially deductible. \$109,000–\$166,000 Non-covered spouse contribution 100% deductible. Covered spouse contribution nondeductible. \$166,000–\$176,000 Non-covered spouse contribution partially deductible. Covered spouse contribution nondeductible.	\$176,000 or more
Married couples filing separately	\$0	\$0–\$10,000	\$10,000

If you are not an active participant but your spouse is, your deductibility of IRA contributions is reduced once your AGI reaches \$166,000 and is phased out up at \$176,000 for 2009.

A retirement plan is a great employer benefit

If you are looking to set aside funds for retirement, you should maximize your opportunities to participate in an employer-sponsored retirement plan before beginning an IRA.

Flexibility

You may choose from a wide variety of savings and investments to fund your IRA—mutual funds, annuities, bank products and investment management accounts, to name a few. Life insurance and collectibles, however, are not eligible IRA investments.

Access to your money when you need it

Once you're ready to take withdrawals from your IRA, you will pay income tax on any earnings you've accrued and deductible contributions you've made. If you are under age 59½ when you withdraw IRA assets, you will also be subject to a 10% penalty unless you meet certain conditions.

Penalty-free withdrawals under age 59½ are available under the following conditions:

- Your disability (as defined by the Internal Revenue Code)
- Your death
- Deductible medical expenses
- Qualified higher education expenses
- First-time home purchase expenses
- Health insurance premiums (only available to certain unemployed individuals)
- Certain tax levies
- As part of a series of lifetime income payments (special rules apply—please consult your tax advisor)
- Special situations for those active in the military (special rules apply—please consult your tax advisor)

Rollovers and transfers

Subject to certain technical requirements, you can generally transfer money from one existing Traditional IRA to another or, upon the occurrence of certain events, from an employer-sponsored retirement plan to a Traditional IRA without tax liability. Consolidating assets in one IRA can offer a number of benefits, including reduced administration costs and a more cohesive investment strategy for your retirement. In addition, IRAs typically offer a much broader range of investment choices than employer-sponsored retirement plans, as well as greater flexibility in designating beneficiaries.

Rollovers by non-spouse beneficiaries

New for 2007

A non-spouse beneficiary may rollover a deceased participant's eligible retirement plan amounts into an inherited IRA. The transfer must be a direct trustee-to-trustee transfer, directly from the plan administrator to the IRA. Prior to 2007, only a spouse beneficiary could rollover retirement plan proceeds.

Mandatory withdrawals and tax implications

When you reach age 70½, you must begin taking distributions from your IRA each year, whether you want to or not. These Required Minimum Distributions, as they're called, are based on your age, the age of your beneficiary and your year-end account balance. Failure to take the proper amount can result in severe tax penalties. However, most IRA custodians will help you determine how much you're required to withdraw each year.

Like other withdrawals from a Traditional IRA, Required Minimum Distributions are subject to income tax on the portion that consists of investment earnings and deductible contributions.

Non-deductible contributions

If you find you cannot deduct your IRA contributions you may still contribute to a Traditional IRA. However, your initial contributions will be made on an after-tax basis and you must keep track of this after-tax amount using IRS form 8606. If you are in a situation where non-deductible contributions are your only option, you may want to consider another investment alternative. Your Representative can help you look at other alternatives.

Roth IRAs

offer the following benefits:

Tax-advantaged growth

Like Traditional IRAs, Roth IRAs offer tax-deferred accumulation of assets. Unlike Traditional IRAs,

however, Roth IRAs offer tax-free income at retirement. To qualify for this popular program, you must meet the following adjusted gross income requirements:

CONTRIBUTION ELIGIBILITY	FILING SINGLE	FILING JOINT	FILING SEPARATE
2008			
Full	Under \$101,000	Under \$159,000	N/A
Partial	\$101,000–\$116,000	\$159,000–\$169,000	\$0–\$10,000
None	Over \$116,000	Over \$169,000	N/A
2009			
Full	Under \$105,000	Under \$166,000	N/A
Partial	\$105,000–\$120,000	\$166,000–\$176,000	\$0–\$10,000
None	Over \$120,000	Over \$176,000	N/A



Contribution limits

Just like a Traditional IRA, you may contribute up to the allowable limit of \$5,000 (for 2008 and 2009) or 100% of compensation—whichever is less. If you are age 50 or over, you may contribute an additional \$1,000 as a catch-up contribution. Unlike a Traditional IRA, contributions to a Roth IRA are always made on a non-deductible (after tax) basis.

Tax-free access

Because your contributions are made on an after-tax basis, if you meet certain requirements contributions can be withdrawn at any time without tax or tax penalty. However, there may be an early withdrawal penalty and exceptions to tax-free distributions for distributions of income. For more information on this, talk to your Representative.

Tax-free growth

To benefit from tax-free growth you must follow certain guidelines. Your Roth IRA must have been in existence for at least five years, and distributions are withdrawn as a result of:

- Attainment of age 59½
- Your death or disability
- A qualifying first-time home purchase (up to \$10,000)

Consult the chart on page 2 to see what tax-free growth can mean to you over time.

Flexibility

Like Traditional IRAs, Roth IRAs offer a wide variety of funding options based on your objectives and risk tolerance. Unlike a Traditional IRA, contributions to a Roth IRA may be made beyond age 70½, if you qualify, so you have the

opportunity to continue to build what is potentially tax-free income.

Also unlike a Traditional IRA, a Roth IRA does not require you to begin withdrawals once you reach age 70½, or at any point during your lifetime.

Income tax-free distributions for beneficiaries

At your death, your beneficiaries may receive the proceeds of your Roth IRA free from federal income tax. To do so, the Roth IRA must have been in existence for at least five years. Roth IRAs will be included in your gross estate and may be subject to federal estate tax. The Required Minimum Distribution rules do apply to your beneficiary after your death.

Rollovers and transfers

You can typically transfer assets from one Roth IRA to another without tax liability. Consolidating your Roth IRA assets can help reduce administration costs and result in a more cohesive investment strategy.

Rolling over assets from a qualified plan

As of 2008, you can roll over amounts from an eligible retirement plan into a Roth IRA. This includes:

- A qualified pension, profit-sharing or stock bonus plan (including a 401(k) plan),
- An annuity plan,
- A tax-sheltered annuity plan (section 403(b) plan),
- A deferred compensation plan of a state or local government (section 457 plan), or
- A traditional IRA.

Any amount rolled over is subject to the same rules for converting a Traditional IRA into a Roth IRA.



Converting Traditional IRAs to Roth IRAs

With tax-free income as well as tax-deferred growth, Roth IRAs may seem like a more tempting option than Traditional IRAs. If you're thinking about converting your Traditional IRA to a Roth IRA, however, you should consider the following:

- Do you expect your tax bracket to be the same or higher at retirement? If so, conversion might make sense.
- Do you expect your tax bracket to be lower at retirement? If so, a Traditional IRA might provide you with greater benefits, especially if you qualify for deductible contributions.
- Upon conversion, your Traditional IRA balance, excluding any non-deductible contributions, will be included in your income for tax purposes. In general, the federal income tax penalty of 10% for early withdrawals does not apply to converted amounts. However, withdrawals of converted amounts within 5 years of the conversion may be subject to the penalty tax, if you do not qualify for an exception.

To qualify for conversion, your Modified Adjusted Gross Income (MAGI)¹ must not exceed \$100,000 (excluding the amount of the conversion). The MAGI amount applies if you are filing single or jointly. If you are married and file separately you may not convert. Recently enacted legislation will allow you to convert your Traditional IRA to a Roth IRA in 2010, regardless of your income level.

¹ Modified adjusted gross income is found by taking your adjusted gross income and adding back certain items such as foreign income, foreign-housing deductions, student loan deductions, IRA-contribution deductions and deductions for higher education costs.





Which IRA is right for you?

Now that you know the difference between Traditional and Roth IRAs, you may wonder which is right for you—or whether they’re **both** right for you. The answer is as individual as you are, although these questions may help guide you as you determine which IRA better meets your objectives.

If you answer “yes” to most of the following questions, you should consider contributing to a Roth IRA—assuming that your Modified Adjusted Gross Income (MAGI) is at or below the eligibility limits.

	Yes	No
1. Do you want the potential of tax-free earnings (after owning the account for five years and upon turning age 59½)?	<input type="checkbox"/>	<input type="checkbox"/>
2. Do you want to continue contributing after age 70½ if you have earned income?	<input type="checkbox"/>	<input type="checkbox"/>
3. Do you want to leave all of your IRA money invested after age 70½?	<input type="checkbox"/>	<input type="checkbox"/>
4. Do you think your tax rate is lower now than it will be when you retire?	<input type="checkbox"/>	<input type="checkbox"/>
5. Do you want to be able to pass on tax-free earnings to your beneficiaries?	<input type="checkbox"/>	<input type="checkbox"/>

If you answer “yes” to most of the following questions, then you may want to consider a Traditional IRA instead of a Roth IRA.

	Yes	No
1. Do you qualify to deduct all or part of your annual IRA contributions?	<input type="checkbox"/>	<input type="checkbox"/>
2. Do you think your tax rate will be lower when you retire than it is now?	<input type="checkbox"/>	<input type="checkbox"/>
3. Do you want a fully deductible IRA for a spouse who is not participating in an employer plan, while you are (if joint adjusted gross income is not more than \$169,000)?	<input type="checkbox"/>	<input type="checkbox"/>
4. Do you want to be able to contribute to an IRA no matter how high your income?	<input type="checkbox"/>	<input type="checkbox"/>

These questions are meant to guide you, not give you a definitive answer. Before taking any action, consult with your Representative and tax advisor.



your next steps

If you are considering investing in an IRA here are some steps to consider:

1. Examine your retirement plan options with your employer. Many plans offer certain benefits such as matching contributions—so take advantage of your employer plans before considering IRAs.
2. Determine which IRAs (Traditional Deductible, Traditional Nondeductible or Roth) make the most sense for you.
3. Consider which IRA investment vehicles best meet your needs.
4. Make sure you make your contribution by April 15 or up to your filing extension.

Finally, don't act alone. Your Representative can help you determine whether an IRA should be part of your retirement strategy. Your Representative will also provide you with the information you need to decide which type of IRA is right for you and whether you should consolidate assets from IRAs you've already established at other firms and any employer-sponsored plans in which you participate. Contact your Representative today and start planning for your ideal retirement.

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