

Pass on more than your good looks



Stretching IRA distributions
can help you leave a legacy
that spans generations.

Keeping it in the family

With a little planning, your Individual Retirement Account, or IRA, can help you take care of the ones you love — even after you're gone.



Spanning generations

Provided that you won't need it as a primary source of retirement income, you can turn an IRA into a powerful estate-planning tool by withdrawing the smallest amount of money the IRS requires each year — called required minimum distributions (RMDs). After you die, your beneficiary can continue to stretch the income by taking only the required minimum distribution each year.

When you and your beneficiaries stretch the income from an IRA:

- Required minimum distributions can be made over more than one person's lifetime.
- You or your beneficiaries pay income taxes only on the amount withdrawn each year.
- The undistributed balance in the IRA has the potential to grow tax-deferred.

Stretching income from an IRA is only appropriate for those investors who don't need income from the IRA to cover retirement expenses.

American Funds does not offer tax and tax accounting advice to investors. This brochure is not intended to be used by investors to avoid tax penalties that they may be subject to under U.S. federal tax laws.

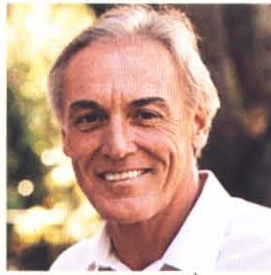
Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity.

Meet the Wilsons —

Clark, Marie, their daughter, Amy, and grandson, Michael (see chart). Although they live in different parts of the country, they're a close family. When Michael was born, everyone said he inherited his grandmother's smile and his grandfather's good looks. Later he inherited much more.

The value of advice

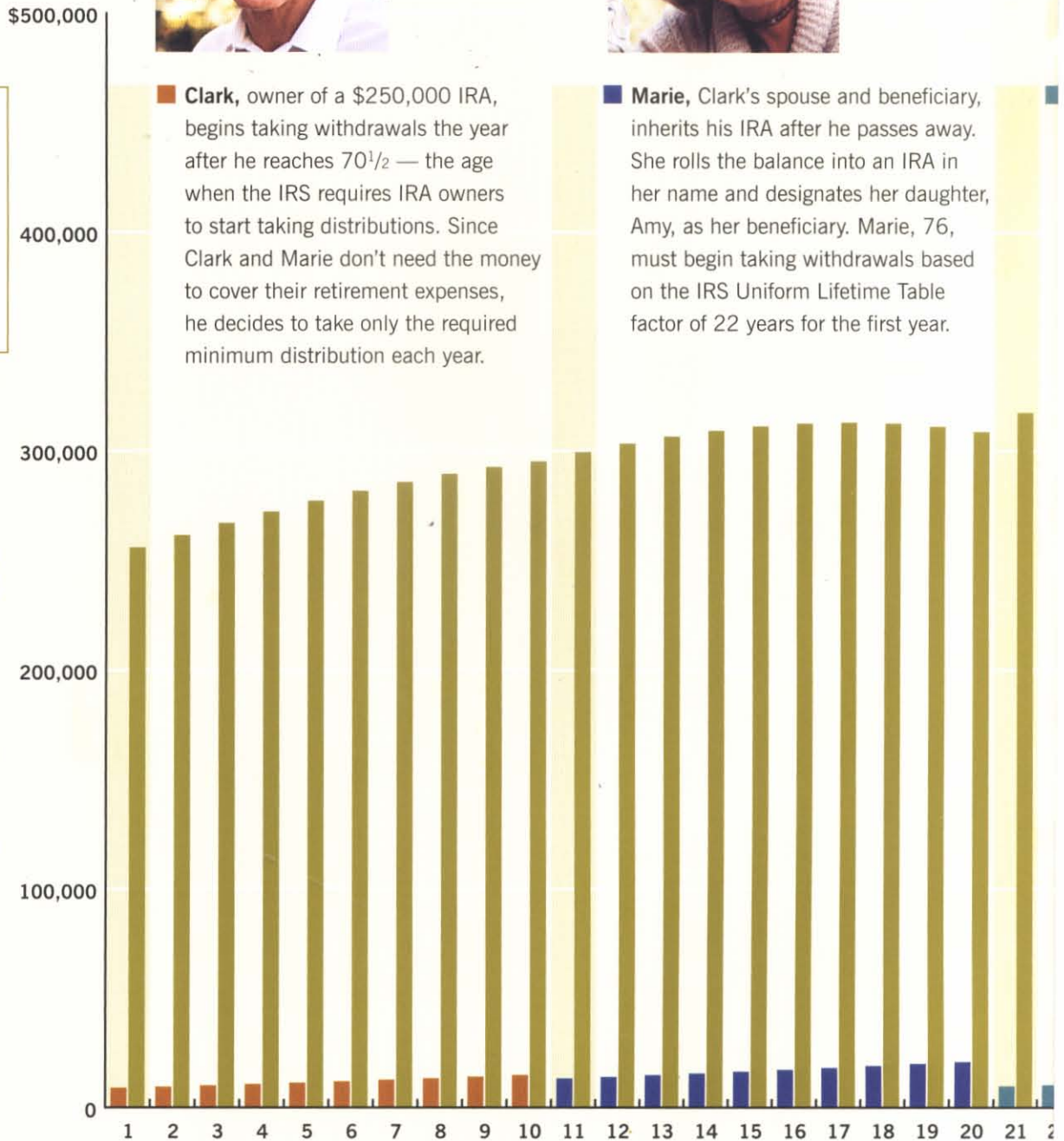
What you decide to do now with your IRA can have a tremendous impact on you and your beneficiaries later. That's why at American Funds, we always encourage investors to consult their tax and financial advisers first. These professionals have the insight and expertise to help you make the right decisions for your unique financial and tax situation.



A family's legacy

How a \$250,000 IRA could generate \$1,225,765 in income (before taxes) over 52 years and three generations.

All examples assume a 6% average annual total return and do not represent the performance of any specific investment. There is no guarantee that a 6% average annual total return can be achieved. Differences between actual investment results and hypothetical rates of return can result in significant differences between the projected and actual required distributions. The chart and table do not take into consideration estate taxes. After-tax distributions assume a federal income tax rate of 28.0% (33.0% for Amy's and Michael's lump-sum distributions).

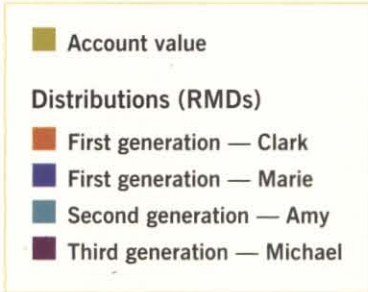


Clark, owner of a \$250,000 IRA, begins taking withdrawals the year after he reaches 70½ — the age when the IRS requires IRA owners to start taking distributions. Since Clark and Marie don't need the money to cover their retirement expenses, he decides to take only the required minimum distribution each year.

Marie, Clark's spouse and beneficiary, inherits his IRA after he passes away. She rolls the balance into an IRA in her name and designates her daughter, Amy, as her beneficiary. Marie, 76, must begin taking withdrawals based on the IRS Uniform Lifetime Table factor of 22 years for the first year.

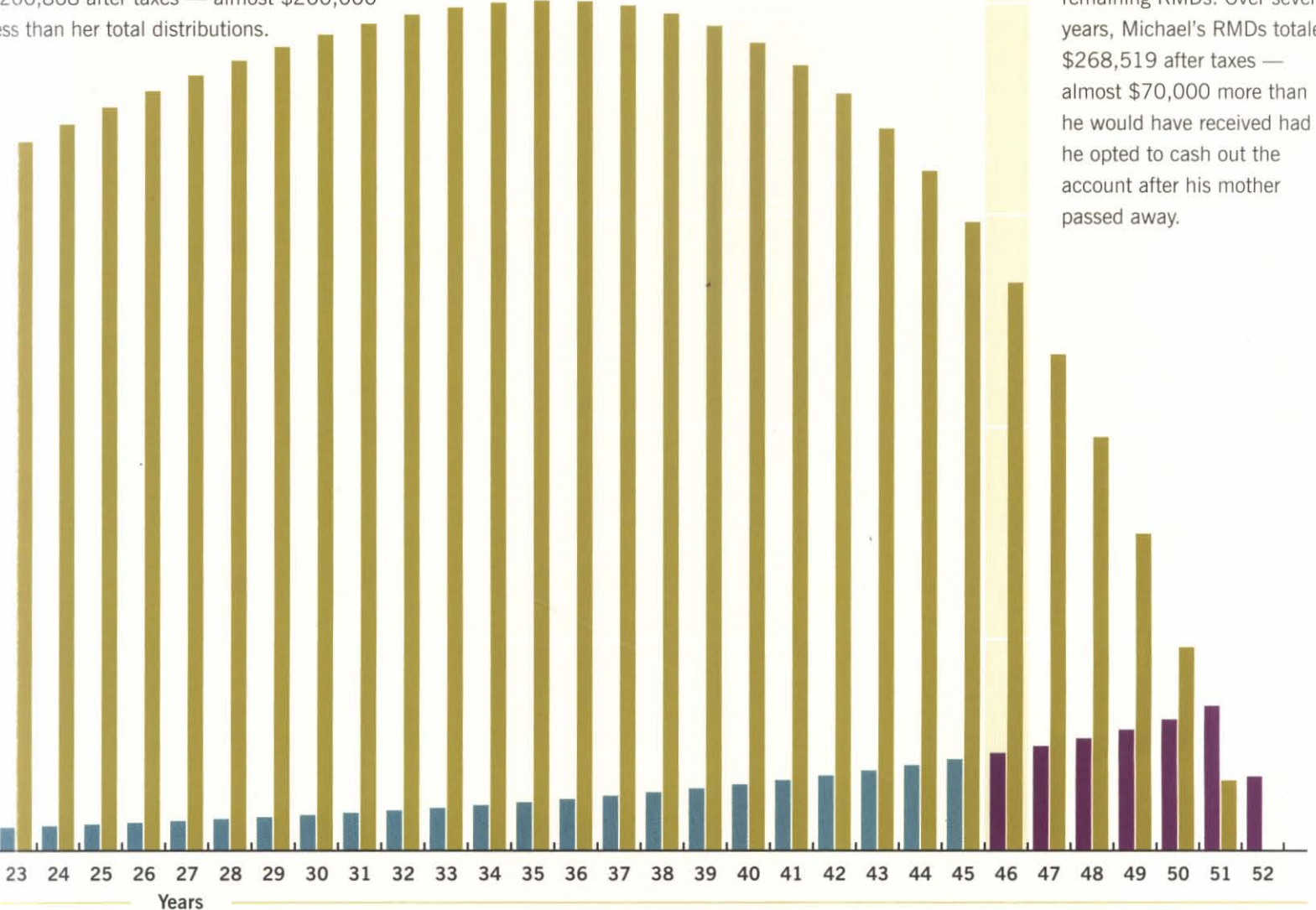
	First generation	
	Clark	Marie
Beginning account value	\$250,000	\$295,106
Total RMDs before taxes	\$118,897	\$170,766
Total RMDs after taxes	\$85,606	\$122,952
Number of distribution years	10	10

Hypothetical results are for illustrative purposes only. RMDs are calculated using life-expectancy factors from the Uniform Lifetime Table for IRA owners and Single Life Expectancy Table for non-spouse beneficiaries (IRS Publication 590). Amounts for any beneficiary will be lower than the results shown if prior IRA owners or beneficiaries make withdrawals in excess of their RMDs.



Amy inherits her mother's IRA at the age of 53. Instead of cashing out the account, she decides to take RMDs based on her IRS life expectancy of 31.4 years. She designates her son, Michael, as her subsequent beneficiary. Had Amy decided to liquidate the IRA immediately after her mother passed away, she would have received \$206,868 after taxes — almost \$200,000 less than her total distributions.

Michael inherits the IRA and decides to continue stretching the income from the IRA by taking his mother's remaining RMDs. Over seven years, Michael's RMDs totaled \$268,519 after taxes — almost \$70,000 more than he would have received had he opted to cash out the account after his mother passed away.



Second generation	
Amy	
	\$308,759
	\$563,158
	\$405,474
	25

Third generation	
Michael	
	\$296,550
	\$372,944
	\$268,519
	7

No additional contributions are made to the IRA, and no distributions other than the projected RMDs are taken from the IRA. All RMDs are assumed to be removed from the IRA on 12/31 of the projected year. IRS regulations allow the IRA owner to take the first and only the first of these distributions by 4/1 of the year following the owner's required beginning date. This provision is not reflected in these projections. Withdrawals made by the IRA owners before the required beginning date may be subject to taxes and early withdrawal penalties. Tax law and regulations pertaining to IRAs may change over time, so consult your tax adviser. For example, unless extended by Congress, the contribution limit for 2011 will revert back to the old limit of \$2,000.

A timeless tradition

At American Funds, we believe investing is a matter of trust. That's why, for 75 years, we've followed a consistent philosophy and consistent approach to generate consistent long-term results.

“American Funds sells mutual funds you could bring home to meet your parents: the funds are... described with words like ‘steady,’ ‘solid,’ and ‘dependable.’”

—*The Boston Globe*, 9/17/04

A time-tested investment approach

A long-term, value-oriented approach

We buy stocks and bonds of well-managed companies at reasonable prices and hold them for the long term.

What this means to you: Although our value-oriented style may seem conservative, experience has shown us what counts most to our shareholders and their long-term results is consistency.

An extensive global research effort

Our investment professionals search the world to gain a comprehensive understanding of companies and markets.

We have 153 investment professionals and spend an average of \$130 million on research annually.

What this means to you: Research allows us to uncover opportunities others might overlook. It also gives us an edge in determining an investment's true value and risks in today's global marketplace.

The multiple portfolio counselor system

Our unique method of portfolio management, developed nearly 50 years ago, blends teamwork with individual accountability and has provided American Funds with a sustainable method of achieving fund goals.

Here's how the system works:

- Each fund's assets are divided into smaller portions and managed by portfolio counselors who make independent investment decisions — subject to fund objectives and overall guidelines.
- A group of research analysts who specialize in different industries is given a portion to manage — often as much as 25% of assets — bringing a diversity of expertise directly to bear on results.

What this means to you: This system allows smooth, gradual transitions when individual managers retire, change responsibilities or are added to the fund when assets grow.

Experienced investment professionals

American Funds portfolio counselors have an average of 23 years of investment experience, providing a wealth of knowledge and experience that few organizations have.

What this means to you: There's no substitute for experience. It's invaluable in differentiating between short-term trends and long-term opportunities.

Commitment to low expenses

The American Funds provide exceptional value for shareholders, with operating expenses that are among the lowest in the mutual fund industry.

What this means to you: Lower expenses can potentially mean more money for you over the long term.

Let the American Funds family help your family

When selecting investments for your IRA, you want a fund family that has stood the test of time. With roots extending back to 1931, American Funds is one of the oldest mutual fund families in the country. Today we offer 29 funds, designed to help meet each shareholder's unique investment needs. Your financial adviser can help you choose the right funds for your portfolio.



Growth funds

AMCAP Fund®
 EuroPacific Growth Fund®
 The Growth Fund of America®
 The New Economy Fund®
 New Perspective Fund®
 New World FundSM
 SMALLCAP World Fund®

Growth-and-income funds

American Mutual Fund®
 Capital World Growth and Income FundSM
 Fundamental InvestorsSM
 The Investment Company of America®
 Washington Mutual Investors FundSM

Equity-income funds

Capital Income Builder®
 The Income Fund of America®

Balanced fund

American Balanced Fund®

Bond funds

American High-Income TrustSM
 The Bond Fund of AmericaSM
 Capital World Bond Fund®
 Intermediate Bond Fund of America®
 U.S. Government Securities FundSM

Tax-exempt bond funds*

American High-Income Municipal Bond Fund®
 Limited Term Tax-Exempt Bond Fund of AmericaSM
 The Tax-Exempt Bond Fund of America®
 The Tax-Exempt Fund of California®
 The Tax-Exempt Fund of Maryland®
 The Tax-Exempt Fund of Virginia®

Money market funds

The Cash Management Trust of America®
 The Tax-Exempt Money Fund of America^{SM*}
 The U.S. Treasury Money Fund of AmericaSM

*Tax-exempt bond funds are not appropriate for tax-deferred investments such as IRAs or retirement plans.

Investors should carefully consider the investment objectives, risks, charges and expenses of the American Funds. This and other important information is contained in each fund's prospectus, which can be obtained from a financial adviser and should be read carefully before investing.

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