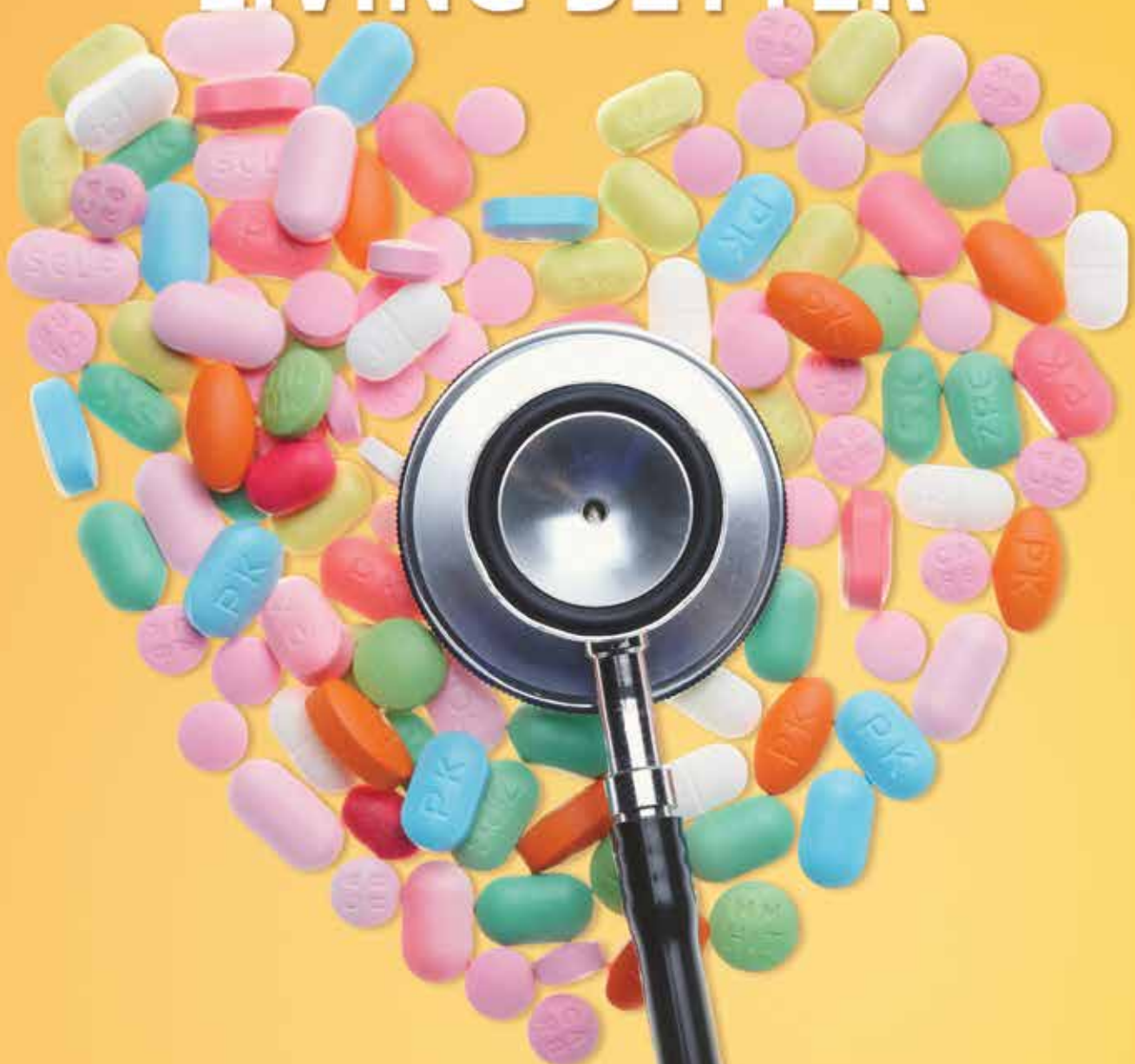


WELLS FARGO
INVESTMENT INSTITUTE

LIVING LONGER LIVING BETTER



WHAT DO ADVANCEMENTS IN PERSONAL HEALTH
MEAN FOR YOUR FINANCIAL HEALTH?

INVESTMENT STRATEGIES
YOU SHOULD CONSIDER

WILL YOU BE READY FOR WHAT'S AHEAD?

Longer life spans, fewer young workers, and diminishing economic and market growth rates have significant implications for the future of benefit programs and investors. Longevity risk—the consequences of outliving your assets—is magnified by these macroeconomic conditions.



Retirement Requires More Thought Than Ever

People are living longer and more active lives, prompting many to rethink traditional views about retirement. Traditionally, retirement was considered an opportunity to do the things we can't do when working a full-time job. But, for those with limited financial assets, retirement may seem like an unattainable goal, creating a great deal of anxiety. At the same time, we're having fewer children, and the population is aging. These demographic shifts could have implications:

If You're Currently Working

Fewer workers supporting a burgeoning retiree population will likely impact programs like Social Security and Medicare you may be counting on in your retirement.

If You're in Retirement

Living longer may require rethinking your investment strategy to help reduce the risk of outliving your assets.

If You're Seeking Investment Opportunities

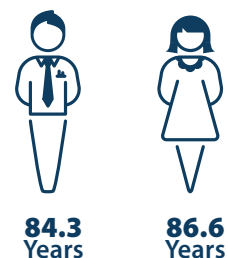
The full impact of these shifts may not be felt for years, but you might want to think today about positioning your portfolio now to take advantage of these trends.

Are you prepared to fund two or three decades of retirement?

Many individuals are not, and that has led some to postulate that there will be a longevity crisis. Rising health-care costs, diminishing defined-benefit pension plans, and the uncertain future of Social Security all pose challenges and risks for retirees.

As a result, Americans are changing the way they think about planning for retirement. At the same time, U.S. policymakers are being forced to rethink the efficacy of government entitlement programs designed to support retirees. Enjoying a longer, healthier life largely depends on the steps you take today to take greater charge of your financial well-being for tomorrow.

AVERAGE LIFE EXPECTANCY FOR A 65-YEAR-OLD TODAY



Source: Social Security Administration, ssa.gov, November 2015



What are the financial implications of living longer?



Are today's workers prepared for retirement?



How do investors meet the financial challenges of a longer life in a low-growth, low-interest-rate environment?

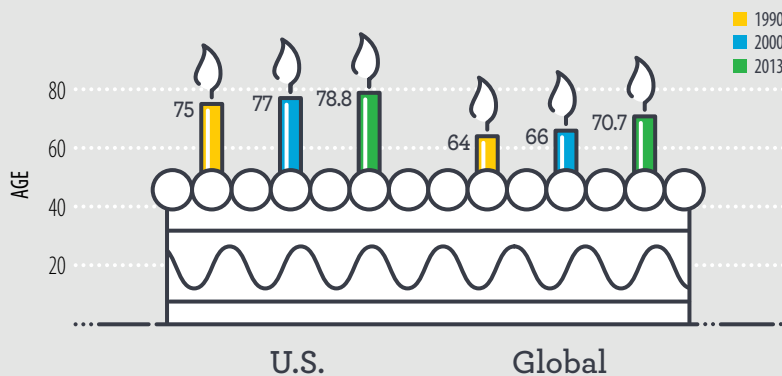


What steps can you take now to be financially prepared for a longer life?

LIVING LONGER



The world's population is aging as a result of two concurrent trends: increasing longevity and declining fertility rates. The result is there are more older people supported by fewer younger people in the workforce.



Life Expectancies Are Increasing. Since the turn of the 20th century, advances in medicine, nutrition, and sanitation have helped extend the average life expectancy in the U.S. as well as in most of the developed world, dramatically. And gains are continuing. Today, average life expectancy in the U.S. is about four years longer and average life expectancies globally are nearly seven years longer than they were in 1990.

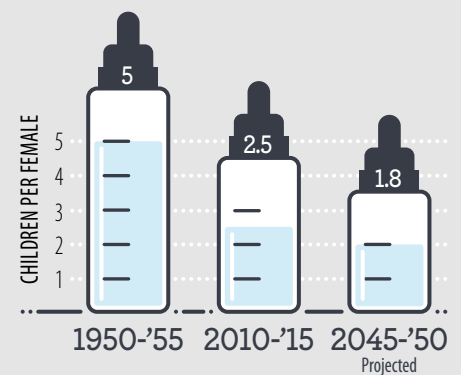
Data Source: World Health Organization, 2015

Higher Living Standards Help Increase Longevity

RANK	COUNTRY	AGE
1	Japan	84
19	Germany	81
34	United States	79
67	China	75
139	India	66
194	Sierra Leone	46

Life expectancy rankings shown for select countries from a list of 194 based on 2013 data.

Source: World Health Statistics 2015, World Health Organization



Global Birth Rates Are Falling.

The average fertility rate has dropped by one-half since the 1950s.

Source: United Nations Report on Aging, 2013



Fewer Workers per Retiree

In most developed nations, a large segment of the population is rapidly approaching retirement age. By 2030, nearly one in five U.S. residents is expected to be 65 or older.¹ At the same time, the number of young people who support each retiree through taxes and Social Security contributions is declining. This population mismatch is likely to result in policies that place a greater burden on current workers and reduce benefits for retired workers.

The World Health Organization's most recent report on life expectancies shows a wide range of estimates, from 46 years for a baby born in 2013 in Sierra Leone to 84 years for a baby born during the same year in Japan.² As the population in the developed world ages, the old-age support ratio—the ratio of working-age people to retirement-age people—continues to decline.

Looking ahead, as average life expectancies across the globe increase, the United Nations projects the longevity trend will extend to many emerging countries. By 2050, it is estimated that most of the world's seniors will reside in emerging countries, where the old-age ratio is currently the highest.

¹U.S. Census Bureau, May 2010

²Source: World Health Statistics 2015, World Health Organization

THE OLD-AGE SUPPORT RATIO IS LOWER IN DEVELOPED ECONOMIES

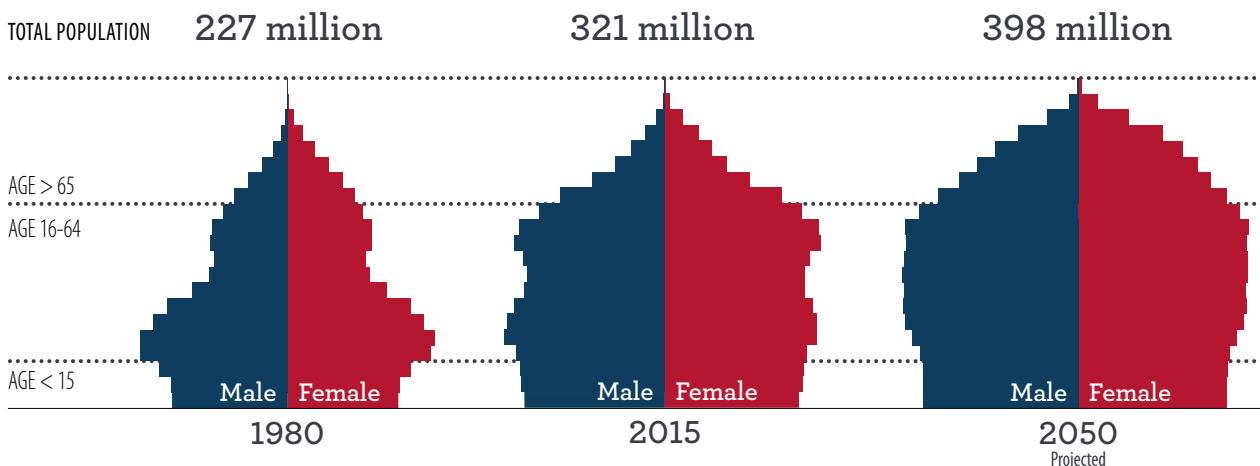
Working-age to retirement-age persons



Source: United Nations, Report on Aging, 2013. Ratio is the number of working-age persons (aged 15-64 years) per older person (aged 65 or over).

THE RESHAPING OF AMERICAN SOCIETY

A population pyramid shows the distribution of various age groups in a country or region. Over time, older age groups are expected to become a higher proportion of the U.S. population. The result is likely to be fewer younger people in the workforce per retiree to provide support.

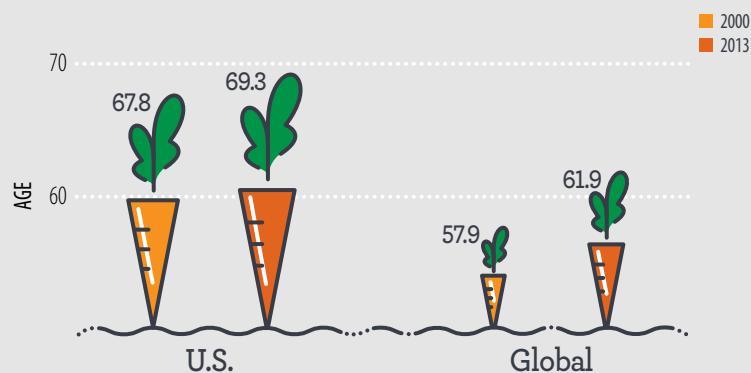


Source: U.S. Census Bureau, International Programs, International Data Base, July 9, 2015.

LIVING BETTER



Living better means different things to different people, but many equate living better to the quality of one's physical and financial health.



Healthy Life Expectancies Are on the Rise. Healthy life expectancy is calculated by the World Health Organization as the number of years one can expect to live in full health. While the global figure trails the U.S., it is improving due to better living conditions and advances in medical care in developing regions.

Source: World Health Organization, 2015

Americans Adopt Healthier Habits

42% **15%**
1965 2015

Smoking Declines. Adults ages 18 and over who smoke every day or some days

40% **49%**
1998 2014

Exercise Increases. Adults ages 18 and over who perform 150 minutes a week of moderate aerobic activity, 75 minutes a week of intense aerobic activity, or an equivalent combination

9% **44%**
1989 2014

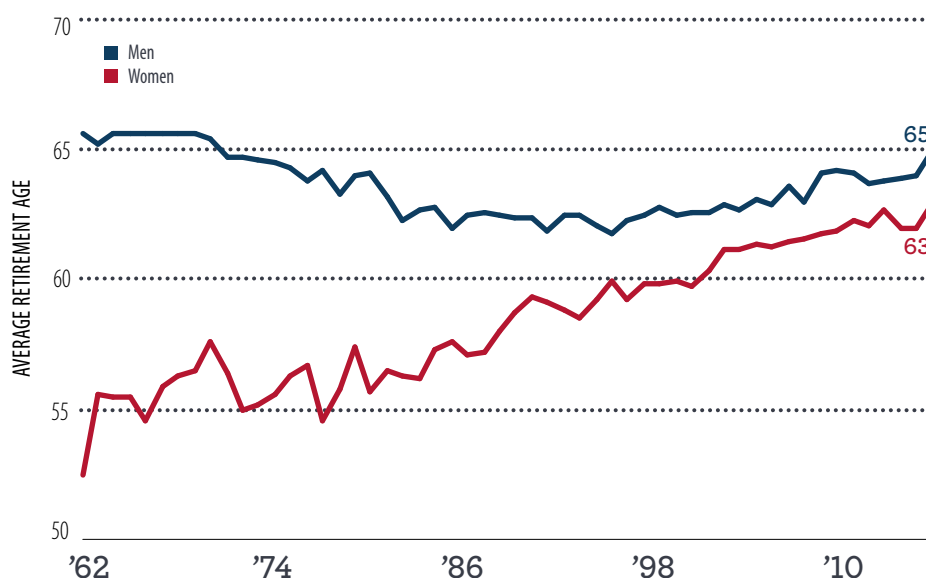
More People Get Flu Shots. Flu vaccinations for adults ages 18 and over

Source: Centers for Disease Control and Prevention, National Health Interview Survey, June 2015

More Time, More Choices

Whether it's a mother in India or a grandfather in the U.S., most people strive for a healthy standard of living for themselves and loved ones. Living better is often equated to physical and financial health. Physical health is linked to genetics, the environment, and personal decisions. Financial health involves having sufficient financial resources to cover basic needs and expenses. The path to financial health will vary from person to person, but we think the best place to start is with an investment plan.

Average Retirement Age in the U.S.



Source: Center for Retirement Research at Boston College and U.S. Census Bureau, December 2015
Calculated as the age when Leave Preparatory to Retirement (LPR) falls below 50%

In the early 1960s, male workers in the U.S. typically retired after age 65. The average age of retirement for men declined to about 62 years of age by the mid-1990s, but in recent years it has reversed course. Factors to explain this reversal include vanishing pensions, rising health insurance premiums and out-of-pocket health-care costs, and incentives to delay Social Security benefits. The average retirement age for female workers in the U.S. has increased steadily since the 1960s.

When experienced workers have opportunities to contribute in productive ways, the outcome could be beneficial for individual workers and the economy. That has led some to assert that the “longevity crisis” could, instead, become a “longevity dividend.” Should the workforce continue to evolve in this way, some workers may choose to invest for the future as well as work in retirement. However, working longer may not be your definition of living better. If you do plan to exit the workforce at an earlier age, you’ll need to plan for that.

7 MEDICAL ADVANCES THAT MAY LEAD TO A HEALTHIER FUTURE

Recent medical advances are helping physicians treat and manage diseases:

GENOME SEQUENCING

DNA mapping helps identify genes that cause disease and create better treatments.

HEART DISEASE TREATMENTS

Statin drugs and new surgical techniques help treat atherosclerosis.

TARGETED CANCER THERAPIES

More direct than chemotherapy or radiation, new drugs block tumor growth and eradicate cancer cells.

PROGRESS IN FIGHTING HIV

Comprehensive medical treatments help to control human immunodeficiency virus (HIV).

LAPAROSCOPIC SURGERY

Minimally invasive surgery techniques result in less pain, smaller scars, and speedier recoveries.

PROSTHETICS

3-D printing, computer chips, and wireless technology make prosthetics more functional and affordable.

INFORMATION TECHNOLOGY

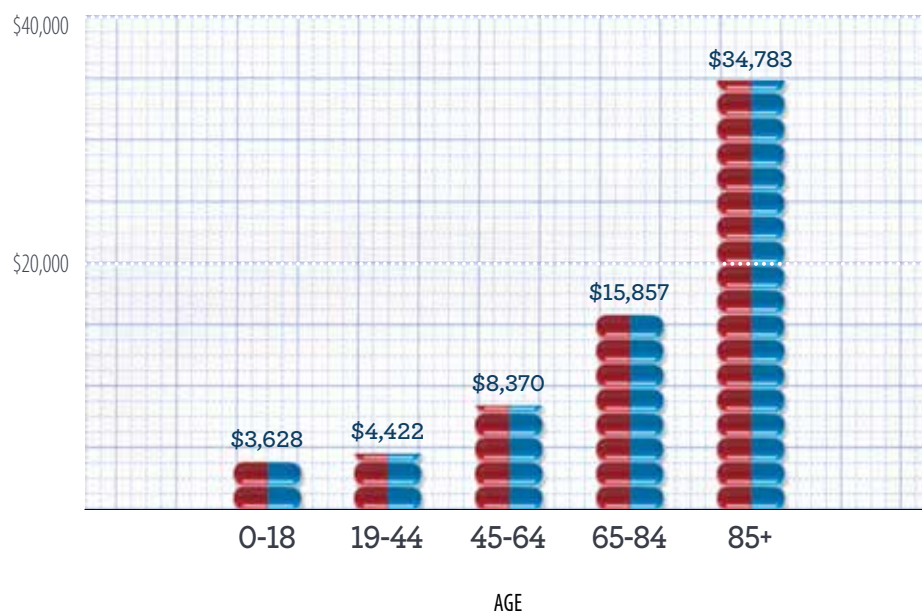
Wireless technology allows for better point-of-care and remote patient monitoring by use of implants and wearable devices.

Preparing to Fund Your Retirement



The life expectancy of today's retirees is longer than in years past and continues to grow. Yet, U.S. government programs, such as Social Security and Medicare, were established at a time when life expectancies were shorter and health-care costs were more affordable than today. Social Security can help cover expenses during the years after you surrender a regular paycheck, but a single source of modest monthly income may prove inadequate to support the desired lifestyle for many retirees.

Health Care Spending Per Person in the U.S.



Source: Spending Per Person Per Year, Health Affairs, 2014

5 PLANNING IDEAS TO CONSIDER

Living longer could profoundly affect your financial stability, especially during the latter years of your retirement. To help prepare for it, consider:

Investing as soon as possible to potentially benefit from compounding

Reevaluating allocations to fixed income and equity investments

Staying on the job longer or working part time in retirement

Taking advantage of catch-up contributions to your IRA and 401(k) from age 50

Purchasing an annuity and/or contributing to a Roth IRA

Haven't Saved Enough?

Wells Fargo & Company's 2015 Retirement Study found that 62 percent of those surveyed indicated saving for retirement is harder than anticipated and 68 percent said they should have started saving earlier.

Younger investors can take advantage of the compounding effect over time by investing as soon as they begin their working lives. Weighting investments toward growth assets, such as global equities and real estate, can help to increase an account's value over the long term. Bonds should generally comprise a significantly smaller portion of a younger worker's retirement savings portfolio.

Current workers should plan to fund more of their own retirement expenses, including health-care costs. They may also expect to pay higher taxes during their working years to fund government entitlement programs that support a growing number of retirees. It is possible that current workers may experience lower growth in their retirement portfolios in this low-rate, low-inflation environment.

What if You're on Track?

Workers who believe they are on track to meet their investment goals would be well served to review their retirement objectives with an investment professional. While you may have already successfully accumulated a significant nest egg, the investment choices made from today until your retirement and beyond can mean the difference between living comfortably in retirement or potentially facing difficult financial circumstances later on in life. Your future standard of living will depend on your ability to cover living expenses throughout retirement.

Older workers should assess the compatibility of their retirement assets and their retirement lifestyle expectations. To balance their assets and expectations, some may choose to work longer, while others may choose to cut expenses. Still others may augment their income with potential capital appreciation by increasing their exposure to equities while trimming bond holdings. Annuities—designed to address longevity risk—are another financial instrument some investors may wish to consider. We recommend working together with an investment professional to develop an appropriate plan that addresses your individual goals and objectives, tolerance for risk, and time horizon.

Workers age 50 and older can take advantage of catch-up IRA and 401(k) provisions in an effort to build savings more quickly.

It is critical, then, that your assets grow faster than the prices of goods and services during your retirement years. Cash and short-term bonds may not be capable of insulating your portfolio against the eroding power of inflation. Assets with returns more closely tied to inflation, such as global stocks, commodities, and real estate, may play a role in your retirement portfolio. A Roth IRA may be a good idea if you anticipate higher tax rates in your retirement years.¹

¹Tax-free Roth IRA withdrawals are available only if the owner is age 59½ or older and the account has been open at least five years. Contributions to Roth IRAs or Roth 401(k)s are made with after-tax dollars. Withdrawals from retirement accounts may be subject to tax penalties as well as income tax if they are made too early.

Investing in Retirement

Retirees may need (or be required) to take distributions from their retirement accounts.¹ Those wishing to spend the distribution or use it to fund related tax payments may prefer to maintain an available source of liquidity within these accounts for such distributions. As bond yields shrink, retirees may find that diversifying their income streams can be a viable way to maintain liquidity. A well-diversified portfolio, including an allocation to income-producing assets beyond U.S. Treasuries and high-quality corporate bonds, may be necessary for many retirees to fund expenses.

The inclusion of dividend-paying global equities, real estate, commodities, and alternative investment strategies could help grow assets adequately to meet investors' financial needs over their full life expectancies. This line of thinking, however, probably is a departure for many retirees who had planned to convert their assets to high-quality bonds and use the stream of interest payments to cover everyday living expenses.

Increased Diversification May Be the Answer

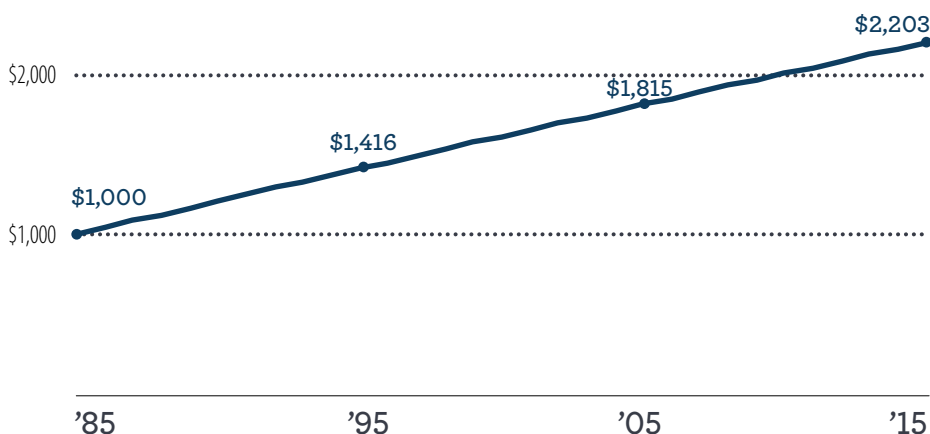
Indeed, many retirees express a desire to preserve their nest egg from loss of principal, yet there may be compelling reasons to consider diversifying beyond cash and bonds.

The perceived safety of principal is not the same as preservation of the principal's purchasing power. Inflation must be factored into future cash-flow planning. The chart below illustrates the impact of inflation on the value of \$1,000 in each decade for a 1985 retiree.

¹Distributions taken from tax-deferred retirement accounts prior to age 59½ are penalized 10 percent to dissuade investors from taking distributions prior to this age. Some retirees may need to take distributions to fund their day-to-day expenses once this age is reached. After age 70½, current law requires account owners to begin making taxable withdrawals from traditional IRAs and other retirement plans. Investors taking such distributions will need an available source of liquidity to fund these taxable distributions.

Today, you need more than twice the number of dollars you would have needed in 1985 to buy the same amount of goods and services—despite relatively modest inflation during that time.

Prices Have More Than Doubled in 30 Years



Source: Prices based on Consumer Price Index (CPI) as of December 1 each year, U.S. Bureau of Labor Statistics, December 2015



We may continue to see disappointing income streams from traditionally conservative investments, such as bonds, for some time in today's low-growth, low-inflationary, low-yield environment. On the other hand, equities are an attractive component for retirement accounts during most stages of life but come with higher risks. In the early years, stocks typically are considered the growth engine of an account. And in the years following retirement, the potential returns from stocks over time are more likely to outpace inflation when compared to the long-term returns from cash alternatives or short-maturity bonds.

Retirees who are unwilling to take on market risk may consider purchasing an annuity stream of income payments. This may be an appropriate choice for some investors; however, it is essential to fully understand the terms and conditions of such a contract before entering into one.

Wealthy Investors Face Different Challenges

Some retirees may find themselves in the enviable position of having sufficient wealth, including nonretirement assets, to fund lifestyle expenses. Many wealthy individuals fall into this category. There are two key strategies this group of investors may want to consider as a result of the tax landscape and the potential market distortions created by the aging population:

- ▶ First, diversification of income streams from a variety of investments is likely to become increasingly important for this segment.
- ▶ Second, asset placement, particularly for taxable assets, may be an important consideration for these individuals as withdrawals from retirement accounts may be taxed at different rates compared to other sources of income. This group may choose to hold bonds in their retirement accounts to help stabilize the account value. Growth assets, such as global equities, may be placed in nonretirement accounts, where taxes on capital gains and dividends may be lower than income taxes on bond yields.

If one of your primary goals is to transfer wealth and build a legacy for your children or grandchildren, the stretch IRA strategy may help you achieve this goal. Careful planning for beneficiaries who are inheriting IRAs may result in the benefit of turning even relatively small balances into large payouts over time (see sidebar). We suggest a discussion with your investment professional, as well as your accounting, tax, and legal specialists, to determine whether such strategies make sense in this evolving tax landscape and are appropriate for your specific needs.

WHAT IS A "STRETCH IRA"?

A stretch IRA is a strategy for potentially extending an IRA's tax advantages over a longer time period in an Inherited IRA. It should be considered only by IRA owners who do not anticipate needing their entire IRA to cover their living expenses in retirement.

To employ the strategy, you name a younger individual (a child or grandchild, for example) as beneficiary. Assuming there are assets in the account when you die, the beneficiary can stretch the tax advantages by transferring the assets into an Inherited IRA. Each year following the death of the IRA owner, the beneficiary will need to take required minimum distributions (RMDs) based on the calculation provided by the IRS. The younger the beneficiary, the smaller the RMDs will be in the beginning allowing the rest of the assets in the account to potentially grow tax advantaged. This is the benefit of the stretch IRA strategy.

Opportunities in Today's Environment

The implications for investors could be profound. As people live longer, we see a variety of potential investment opportunities. We encourage you to talk with your investment professional about opportunities that are appropriate for your investment objectives.

Investments That May Benefit From a Demographic Shift

STOCKS

Dividend-paying stocks may be attractive for senior investors who are looking for alternatives to low-interest-rate bonds. We believe this should support companies with track records of consistent and rising dividends.

The longer one lives, the greater the possibility of contracting a chronic disease. Pharmaceutical and biotechnology companies should benefit from longevity and more people living with manageable ailments.

BONDS

The longer life expectancies of the workforce mean demand for longer-dated bonds should be supported despite their low interest rates—as the population ages, insurers and pension plans purchase longer-dated bonds to manage the demographic shift.

Municipal bonds are a tax-advantaged approach to generate income streams. But we expect municipal bonds, like other fixed-income assets, will generate low-single-digit returns in the coming years.

REAL ASSETS

Real estate investment trusts (REITs) that invest in medical office buildings may benefit from the aging trend. Excess supply from the Great Recession coupled with uncertainty about the Affordable Care Act (ACA) has limited new development. Supply is now contracting and may offer opportunities in the coming years.

The longevity trend should benefit demand for income-producing investments, including Master Limited Partnerships (MLPs). MLPs can be a tax-efficient way to generate income and transfer wealth for long-term investors since they can offer certain income-tax and estate-tax benefits. We suggest you speak with your tax professional to learn how these benefits may apply to your portfolio.

ALTERNATIVE INVESTMENTS

Global population dynamics are expected to provide alternative investment strategies countless opportunities for decades to come. In developed economies, aging populations are stressing the health-care infrastructure, leading to both innovation and consolidation. For example, private capital strategies can facilitate growth by lending to small- and middle-market companies developing pharmaceuticals and medical devices, or these managers may provide growth capital to health-care companies looking to expand production and distribution. Moreover, hedge fund strategies can exploit undervalued and overvalued securities throughout the capital structure.

Conversely, emerging economies are expected to face explosive population growth and the migration from rural to urban living. Alternative investment strategies with a long-term investment horizon can provide growth capital to these economies with hedge fund strategies likely to become more involved as the economies mature.

This section draws on analyses from Wells Fargo Securities.

Trends to Consider

INCREASING DEMAND FOR HEALTH CARE



The federal government's share of the health-care market is growing, offering the potential for greater bargaining power. As Americans live longer, they will increasingly rely on Medicare to fund health-care expenses. The ACA places the federal government in a position to negotiate health-care costs. This may help manage costs but could create an impediment for revenue growth of health-care companies.

Despite the competitive nature of pharmaceutical and biotechnology companies, there are some compelling reasons for optimism in this sector. Clinical trials have become more efficient with the use of biomarkers that help identify patients likely to benefit from a given therapy. The U.S. Food and Drug Administration (FDA) has designated certain drugs as "breakthrough therapies," expediting the move-to-market process. This innovation has contributed to earnings-per-share (EPS) growth and enhanced revenue streams for the sector.

It is thought that Health Savings Accounts paired with High Deductible Health Insurance plans will be increasingly utilized as an attractive savings tool for pre-retirees to benefit from its triple-tax-advantaged structure. Ultimately, consumers will be responsible for a large share of their health-care expenses. Growing awareness of health-care costs may lead to greater pricing transparency in the health-care sector and consumers who shop for nonemergency care.

The aging population is a potential negative for hospitals, particularly not-for-profit hospitals. The aging baby boomer population is projected to deplete the Medicare Part A hospital insurance by 2030. Parts B and D (outpatient services and prescription drug plans) appear adequately funded but may not be able to respond to escalating drug prices without raising premiums.

GRAYING POPULATION



The aging U.S. population is leading to greater demand for assisted living. Given current population trends, demand for senior living units is expected to grow by more than 40,000 units per year.

Today's seniors are increasingly comfortable with technology and may appreciate the convenience of shopping from home. This trend should benefit companies offering a robust online shopping experience.

Caloric intake decreases as people age, so food companies may need to rethink their portion sizes and packaging to appeal to an aging clientele.

Nearly half of people over the age of 55 own a pet, and they tend to spend more than the average pet owner on their pets.

Younger workers who expect to live longer are demanding more ergonomic equipment. Industrial manufacturers who can deliver ergonomic solutions may benefit.

This section draws on analyses from Wells Fargo Securities.



Now It's Your Turn

Longevity risk is a growing concern for today's workers and retirees. While some wealthier investors may be optimistic about maintaining their current lifestyle in retirement, many Americans are facing the likelihood of outliving their resources. Furthermore, the expenses associated with government programs designed to assist retirees have grown disproportionately large and threaten to crowd out most other expenses by 2040 if reform is not enacted.¹

The aging of the population requires the attention of current workers, employers, and policymakers. In general, workers likely will have to forgo some spending today to save more for their retirement years. Employers must seek out innovative ways to engage seasoned workers and draw upon their knowledge and experience while encouraging younger workers to learn about and participate in retirement-savings programs. Policymakers must persuade workers, especially younger workers, to save for their

retirement while assisting government agencies working to limit the expenditures associated with the current retired population. Going forward, we believe some optimism is warranted, however, as many Americans currently have access to employer-sponsored retirement programs.

The financial and physical health of each individual is unique. A detailed retirement plan should reflect that uniqueness and take into consideration one's life expectancy as well as financial goals and objectives. For those investors with significant assets and complex financial situations, a more comprehensive approach to investment planning is often beneficial. In an ever-changing tax environment, tax-efficient investing has become an important component of the process. Whatever your current age or financial situation, we believe it's imperative to develop an appropriate and realistic plan for your potentially longer lifespan.

¹Source: Congressional Budget Office (CBO), 2015

The information in this report is general in nature and may not apply to your specific situation. Tax laws regarding investing, retirement accounts, and taxes in general are always subject to change. Please speak with your tax or legal advisor before making any decision that may have tax consequences. Wells Fargo and its affiliates are not tax advisors.

Risk Considerations

All investing involves risk, including the possible loss of principal. Different investments offer different levels of potential return and market risk. There is no assurance any investment, retirement or tax-managed strategy will be successful. Diversification is an investment method used to help manage risk. It does not guarantee a profit or protect against loss. You should be aware of, and understand, all risks associated with a particular investment product before investing. The investment strategies discussed in this report may expose you to the following risks:

Alternative Investments: *Alternative investments, such as hedge funds and private capital funds, are not suitable for all investors. Any offer to purchase or sell a specific alternative investment product will be made by the product's official offering documents.* Hedge funds are complex, speculative investment vehicles and are not suitable for all investors. They are only available to persons who are "accredited investors" or "qualified purchasers" within the meaning of U.S. securities laws. Hedge funds trade in diverse complex strategies that are affected in different ways and at different times by changing market conditions. Strategies may, at times, be out of market favor for considerable periods, resulting in adverse consequences for an investor. Private capital funds are complex, speculative investment vehicles and are not suitable for all investors. They are generally open to qualified investors only and carry high costs, substantial risks, and may be highly volatile. There is often limited (or even nonexistent) liquidity and a lack of transparency regarding the underlying assets. They do not represent a complete investment program.

Annuities: An annuity is a long-term insurance contract sold by an insurance company designed to provide an income stream, usually after retirement, which cannot be outlived. Monthly payments over the life of an annuity contract can decline because of inflation. There are fees, expenses, and surrender charges associated with an annuity contract. Guarantees are based on the claims-paying ability of the issuing insurance company.

Commodities: Investing in commodities is not suitable for all investors. The commodities markets are considered speculative, carry substantial risks, and have experienced periods of extreme volatility. Investing in a volatile and uncertain commodities market may cause a portfolio to rapidly increase or decrease in value, which may result in greater share price volatility. Investments in commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity. Products that invest in commodities may employ more complex strategies, which may expose investors to additional risks.

Equity Investments: Equity investments are subject to market risk, which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. There is no guarantee that dividend-paying stocks will return more than the overall stock market. Dividends are not guaranteed and are subject to change or elimination.

Fixed Income: Investments in fixed-income securities are subject to interest rate and credit risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in a bond's price. Credit risk is the risk that an issuer will default on payments of interest and principal. This risk is higher when investing in high yield bonds, also known as junk bonds, which have lower ratings and are subject to greater volatility. Municipal bonds offer interest payments exempt from federal taxes and, potentially, state and local income taxes. These bonds are subject to credit risk and potentially the Alternative Minimum Tax. Quality varies widely depending on the specific issuer. All fixed-income investments may be worth less than their original cost upon redemption or maturity.

Foreign Investments: Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. These risks are heightened in emerging markets.

Master Limited Partnerships (MLPs): MLPs are not appropriate for all investors and are particularly not usually appropriate for retirement-related accounts, such as ERISA and IRA accounts. Investors in these accounts should also consider the potential for unrelated business taxable income (UBTI) before investing in MLPs. Also, an MLP shareholder, i.e., a limited partner unitholder, receives a K-1 instead of a 1099. Investing in MLPs involves certain risks which differ from an investment in the securities of a corporation. MLPs may be sensitive to price changes in oil, natural gas, etc., regulatory risk, and rising interest rates. A change in the current tax law regarding MLPs could result in the MLP being treated as a corporation for federal income tax purposes, which would reduce the amount of cash flows distributed by the MLP. Other risks include the volatility associated with the use of leverage; volatility of the commodities markets; market risks; supply and demand; natural and man-made catastrophes; competition; liquidity; market price discount from Net Asset Value; and other material risks.

Real Estate: There are special risks associated with an investment in real estate, including the possible illiquidity of underlying properties, credit risk, interest rate fluctuations and the impact of varied economic conditions.

Stretch IRA: Tax laws and IRS rules regarding retirement accounts are subject to change and may limit the effectiveness of a Stretch IRA strategy. If forced to liquidate the IRA, a beneficiary may be placed in a higher tax bracket. In addition, inflation can erode purchasing power and the investments within the account are subject to market risk and the possible loss of principal.

Market Research and Advice for Investors

Wells Fargo Investment Institute, a registered investment advisor and wholly-owned subsidiary of Wells Fargo & Company, has some of the industry's top investment strategy, research, and alternative investment professionals dedicated to delivering the highest quality investment expertise and advice to help our clients manage risk and succeed financially.

For assistance with your investment planning or to discuss the points in this report, please talk to your investment professional.

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