FLEXIBLE PREMIUM RETIREMENT ANNUITY

from Navy Mutual

Tax-deferred interest accumulation plus the benefit of flexible future contributions

- No sales fees or commissions
- Competitive interest rates
- Start with as little as $100
- Additional premiums can be added whenever you wish
- You may surrender the contract at any time
- A secure investment with stable growth

Navy Mutual
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WHAT IS A FLEXIBLE PREMIUM RETIREMENT ANNUITY?

A Flexible Premium Retirement Annuity (FPRA) from Navy Mutual is a nonqualified, fixed annuity contract which provides several valuable wealth accumulation features: tax-deferred interest accumulation; low initial contribution requirements; the ability to make random future contributions at anytime; and an interest rate which will vary throughout the year but is guaranteed never to drop below 3%.

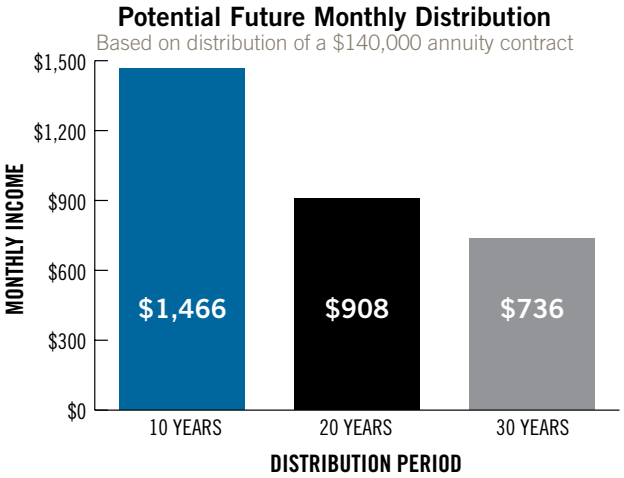
WHO IS ELIGIBLE TO INVEST?

- Any servicemember of the Navy, Marine Corps, Coast Guard, US Public Health Service, or NOAA, who is either on active duty, a reservist, retired or an honorably discharged Veteran residing in Maryland, North Carolina, South Carolina, or Virginia is eligible for membership and may purchase an annuity.
- A Flexible Premium Retirement Annuity may be purchased on the life of and owned by an eligible member, spouse, child, or grandchild. The Member and/or spouse may purchase a deferred annuity at any age. Children and grandchildren are eligible to receive a FPRA between their age 6 months and 24 years.
- A current Navy Mutual Member may invest regardless of service status.

Visit our website, **navymutual.org** and view the "About Navy Mutual" tab to learn more about Navy Mutual Aid Association.

DISTRIBUTIONS POTENTIAL

A guaranteed payout that allows you to plan for the future. This graph provides samples of potential monthly income, based on various distribution time periods.



TAX-DEFERRED EXCHANGES

The surrender value of an existing annuity or permanent life insurance plan can be transferred into a Navy Mutual annuity without incurring an immediate taxable event! This transfer is called a "1035 Exchange". To qualify for a tax-deferred 1035 Exchange, the new contract must be payable to the same person or person(s) as the original contract. Retirement accounts such as a 401(k), IRA, etc. do not qualify for a 1035 Exchange to any of Navy Mutual's annuity products.

Visit us online at **navymutual.org** or call us toll-free at **800-628-6011** for the forms necessary to perform a 1035 Exchange.

FEATURES OF THE FLEXIBLE PREMIUM RETIREMENT ANNUITY (FPRA)

Guaranteed Growth The FPRA is guaranteed to increase in value.

Premium Payments A minimum initial deposit of at least $100 is needed to establish an FPRA. Future contributions of $25 or more may be made at anytime up to a total contribution amount of $1,000,000.

Interest Rate Interest rates will vary throughout the year as determined by the Association in response to changes in the market. Each premium payment will earn Navy Mutual's new money rate for the first 12 months, after which time the payment will earn Navy Mutual's portfolio rate. Higher interest rates will be applied to accumulation values that exceed the thresholds of $25,000, $50,000, and $100,000. Interest rates are guaranteed never to drop below 3%.

Tax-Deferred Accumulation Earnings generated within Navy Mutual's FPRA do not create an income tax liability until payments are actually distributed from the annuity. This allows the annuity to enjoy a greater effective growth rate than comparable taxable investments.

Tax Considerations All interest accumulated within Navy Mutual's FPRA is tax-deferred. Any payment distribution from a FPRA through a withdrawal or surrender is taxable as income up to the extent that the accumulation value of the contract exceeds the investment. If a taxable distribution occurs prior to age 59 ½, a 10% federal tax penalty may be applied. Prior to taking distributions from an annuity, contact a tax advisor for more details on annuity taxation.

Withdrawals Annual withdrawals of up to 10% of the accumulated value are available after the first year. Up to four withdrawals may be made each year without charge, withdrawals in excess of four will incur a withdrawal fee.

Surrenders An FPRA from Navy Mutual may be surrendered at anytime, with no surrender fees, loads, or commissions deducted. If the FPRA is surrendered during the first seven years, Navy Mutual will apply a Market Value Adjustment (MVA) based on the difference between the average rate of return for the plan and the current rate guaranteed on new contributions. Thus, the fair market value of the annuity is determined by market interest rates at the time of surrender and may result in either a higher or lower accumulation value than what was projected. No MVA will occur if the contract is surrendered due to the owner's need for nursing home care, terminal illness, death, or when the owner elects to receive an immediate annuity paid out over a period of time which meets or exceeds the owner's life expectancy.

MVA example: you purchase an annuity whose current average rate of return is 7% and over the next three years interest rates drop to 4%. If you surrender your annuity before the end of seven years, your MVA would be positive. Money would be added to your surrender value since interest rates are lower than your average rate of return. If interest rates were to rise, your MVA would be negative and money would be deducted from your surrender value.

Death Proceeds A named successor owner or beneficiary will receive the accumulation value of the annuity at the time of death without the delay and cost of probate.

ANNUITY PAYOUT OPTIONS

When you are ready to surrender your contract and start receiving income you may elect to receive a lump sum payment or a guaranteed stream of future income. Choose your preferred payout method from the following options:

Lump Sum

- A payment of the entire accumulated cash value received as a single payment.

Fixed Period

- Provides income over a period of 1 to 30 years, you choose which duration is best for you.
- At the end of the elected period, income terminates.

Life Income

- Provides guaranteed income for as long as you live
- Income will continue to a beneficiary if death of the annuitant occurs prior to an elected "Period Certain" of 0, 5, 10, 15, or 20 years.
  - A "Period Certain" is a guaranteed period of time during which payments will be made to a beneficiary. If the annuitant dies prior to the end of the elected "Period Certain", payments will continue to a beneficiary for the remainder of that "Period Certain". For example: If a period certain of 10 years is elected and the annuitant dies in the 7th year, payments will continue to a beneficiary until the 10th year. If the annuitant dies after the "Period Certain", no payments will be made to a beneficiary.

Joint and Survivor Income

- Provides guaranteed income for as long as both spouses are alive.
- You elect the survivor option (100%, 66 2/3%, or 50%) at the time of payout. Upon the death of either spouse, the surviving spouse will receive the previously determined percentage of the original annuity payment.

Contact a Navy Mutual Membership Representative at **800-628-6011** to discuss which option may be best for you.

HOW NAVY MUTUAL HELPS YOUR BENEFICIARIES

One of Navy Mutual's primary missions is to support beneficiaries in their time of need. We do this by maintaining a staff dedicated to assisting the families of deceased annuitants in securing all entitled federal benefits and insurance claims from other life insurance companies, at no cost to them.

BENEFITS OF MEMBERSHIP

Membership in the Navy Mutual Aid Association means more then just great products at very competitive rates. It also provides a number of added benefits to you, such as: survivor's entitlements claims assistance, financial alternatives assessments for terminally ill Members, legal representation to the Department of Veterans Affairs, assistance with Survivor Benefit Plan decisions, and a secure storage vault for valuable documents.

EASY APPLICATION PROCESS

1. **Complete an Application**
2. **Attach a check to fund the contract**
2. **Mail to:**

   Navy Mutual Aid Association
   Henderson Hall, 29 Carpenter Road
   Arlington, VA 22212

That's it! The processing time is quick and your annuity will be working for you within a matter of days.

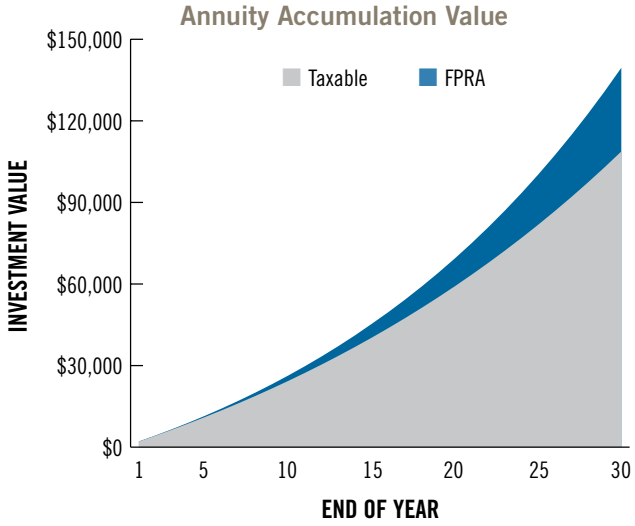
HOW DOES NAVY MUTUAL'S RETIREMENT ANNUITY WORK?

Navy Mutual's FPRA is a tax-deferred savings plan which allows for a higher effective investment return by accumulating income on a tax-deferred basis. Because this is a "fixed annuity", Navy Mutual guarantees future payment of both principal and interest, regardless of what happens in the market. The plan can be funded with a single premium payment or random future payments, whichever best meets your budget. Interest rates on the contract will vary throughout the year with the market but will never drop below 3%. The FPRA offers the same benefits as a traditional, nondeductible IRA but without the contribution limit, mandatory withdrawal requirement, and all the record keeping and reporting requirements.

ADVANTAGES OF A DEFERRED ANNUITY

One of the big advantages of a deferred annuity is tax-deferred growth. It allows you to save money on a tax-deferred basis over a period of time and then have those funds paid out to you in the future to support your income needs.

ACCUMULATION POTENTIAL



This example assumes annual contributions of $2,000 for 30 years and an interest rate of 5%.

Get current annuity rates online at **www@navymutual.org** or call **800-628-6011.**

NOTES

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Flexible Premium Retirement Annuity Application

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An instruction sheet is available to help you complete this application.

Please review application after completion.

1. Military Member's Information (Must be completed on the military member)

Name (First, Middle, Last, Suffix)

Rank

Service ❑ USN ❑ USMC ❑ USCG ❑ USPHS ❑ NOAA

Status ❑ Active Duty ❑ Retired ❑ Reserve ❑ Veteran

Current NMAA Member ❑ Yes ❑ No

Date of Birth (mm/dd/yyyy)

Gender ❑ Male ❑ Female

Date Retired / Separated (mm/dd/yyyy)

Social Security Number

Address (Street, Apartment)

Address (City, State, Zip Code)

Email Address

Home Phone

Work/Cell Phone

2. Proposed Owner's / Annuitant's Information

2a. Please complete the below information on the proposed Owner/Annuitant

Owner's/Annuitant's Relationship to Military Member ❑ Member (Self) ❑ Spouse ❑ Child ❑ Grandchild

2b. Complete this section only if the proposed owner/annuitant is the spouse, child, or grandchild.

Name (First, Middle, Last, Suffix)

Date of Birth (mm/dd/yyyy)

Gender ❑ Male ❑ Female

Social Security Number

Address (Street, Apartment)

Address (City, Zip Code)

Email Address

Home Phone

Work/Cell Phone

3. Deposit Payment Information

Required Initial Deposit Payment: A minimum deposit of $100 is required. Initial deposit may not exceed $1,000,000. Make check payable to NMAA.
If electing a tax-free 1035 Exchange, please check this box. ❑

Deposit Payment Enclosed
$

Automatic Future Payments: If you desire to set up a scheduled future payment plan, please enter the amount of the monthly deduction in the "Automatic Paymets" field and then enter in the section below the location (i.e., military allotment or bank account) from which payments are to be deducted.

Automatic Payments
$

Automatic Future Payment Method Select Only ONE Payment Method Below

❑ **Military Allotment** (Please contact your disbursement office to start or increase your military allotment to NMAA)

❑ **Automated Bank Draft** *Deductions will occur on or about the 15th of the month.*
❑ Please use enclosed "Required Initial Deposit Payment" check for purposes of deducting future premium payments
-OR-
❑ Please use enclosed Voided check for purposes of deducting future premium payments

4. Beneficiary Information: In the event of the annuitant's death, the benefit under this application will be paid to:

Principal Beneficiary(ies)

Full Name | Gender ❑ Male ❑ Female

Relationship to Annuitant | DOB | SSN

Address

Full Name | Gender ❑ Male ❑ Female

Relationship to Annuitant | DOB | SSN

Address

If there is no living Principal Beneficiary, the benefit under this application will then be paid to:

Contingent Beneficiary(ies)

Full Name | Gender ❑ Male ❑ Female

Relationship to Annuitant | DOB | SSN

Address

Full Name | Gender ❑ Male ❑ Female

Relationship to Annuitant | DOB | SSN

Address

OR: ❑ **All living children born or adopted of the annuitant shall share and share alike.**

If you require additional space to provide more than two Principal and/or Contingent beneficiaries, please attach a separate sheet stating the type of beneficiary (i.e., Principal or Contingent), along with all the requested information stated above.

Initial here if attaching sheet

PLEASE NOTE: If no beneficiary is listed above or if at the time of the annuitant's death the named beneficiaries is/are not living, the death benefit shall be paid to: the annuitant's lawful spouse at the time of death; then to all children born or adopted by the anuitant; then to the natural mother and father of the annuitant; then to the estate of the annuitant.

5. Certification and Disclosure

I hereby apply for this annuity and agree to conform to the Bylaws of the Navy Mutual Aid Association. BY THE SIGNATURE(s) below I (we) do attest that the statements and answers in all parts of this application are complete and true and will be the basis for any annuity issued.

Signature of Military Member | **Date Signed**

Signature of Owner | **Date Signed**
(If different from the Member) (If owner is a minor, signature of parent or guardian)

Please mail your completed application and your check or money order to:
Navy Mutual Aid Association, Henderson Hall, 29 Carpenter Road, Arlington, VA 22212
Call Toll Free (800) 628-6011 ■ **Email** counselor@navymutual.org ■ **Website** www.navymutual.org

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Instruction and Explanation Sheet

1. Military Member Information

Please enter all the requested personal information on the **military member**.

2. Proposed Owner's/Annuitant's Information

Please enter the requested personal information on the owner/annuitant. If the proposed **owner/annuitant** is the military member shown in section 1, only complete section 2a. If the proposed owner/annuitant is the spouse, child, or grandchild, please complete sections 2a and 2b.

3. Deposit Payment Information

REQUIRED PREMIUM DEPOSIT: Please enter the amount of the initial deposit payment you are enclosing with your application. A minimum of $100 must be deposited in order to start a Flexible Premium Retirement Annuity. Initial deposit may not be greater than $1,000,000. If you are transferring funds from either an existing life insurance plan or annuity, please check the box indicating that you are performing a 1035 Exchange. Please be aware that 1035 Exchange forms will be required along with this application to complete a tax-free transfer from another plan.
Please contact a Navy Mutual Membership Representative toll-free at **800-628-6011** or by email at **counselor@navymutual.org** to receive the correct 1035 Exchange form.

Checks can be made to NMAA.

Automatic Future Payments: If you desire to have future monthly payments automatically deposited into your Flexible Premium Retirement Annuity from an existing bank account or through military allotment, please enter the amount of the monthly payment into the "Automatic Payments" field. After entering the amount, you will be required to check one of the two payment methods (Military Allotment or Automated Bank Draft).
Military Allotment: Deductions may be made on a monthly basis from your military pay. You must contact your disbursement office to start or increase your military allotment to NMAA.
Automated Bank Draft: Electronic deductions will be made from your bank account automatically on or near the 15th of each month. In addition, please check one of the two boxes indicating the frequency of your deductions.

4. Beneficiary Information

Enter information on the desired Principal Beneficiary(ies) (i.e., the first person(s) designated to receive the annuity proceeds) and Contingent Beneficiary(ies) (i.e., the person(s) designated to receive the annuity proceeds if the Principal Beneficiary is not alive at the time of the owner's/annuitant's death). In the event you desire to have all living children born or adopted of this marriage receive the annuity proceeds equally as contingent beneficiaries, please check the boxes located under the Contingent Beneficiary designation area.