SINGLE PREMIUM DEFERRED ANNUITY

from Navy Mutual

Tax-deferred interest accumulation and guaranteed rates of return

- Premium bonus available
- No sales fees or commissions
- Competitive interest rates
- Guaranteed interest rates are locked-in for a period of your choice
- You may surrender the contract at any time
- Tax-deferred interest accumulation
- Guaranteed savings for your future

Navy Mutual
NAVY • MARINES COAST GUARD NOAA • USPHS
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www.navymutual.org

WHAT IS A SINGLE PREMIUM DEFERRED ANNUITY?

Navy Mutual's Single Premium Deferred Annuity (SPDA) is a nonqualified, fixed annuity contract that allows an individual to deposit a lump sum premium and have the value of that deposit increase on a tax-deferred basis until the money is needed in the future. The interest rate on this contract is guaranteed for a fixed period of time which the owner chooses. Plus, we offer you a 1% "premium bonus" that we add to your account for annuities purchased with a "lock-in" period of 7 or more years.

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 Single Premium Deferred 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 SPDA 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.

FEATURES OF THE SINGLE PREMIUM DEFERRED ANNUITY (SPDA)

Guaranteed Growth The SPDA is guaranteed to increase in value.

Safety Navy Mutual guarantees that you will receive your initial interest rate from the annuity effective date through your elected lock-in period unless early surrender occurs.

15 Day Review The annuity owner may terminate the contract within 15 days of purchase and receive a full refund of premium.

Single Premium Amounts A SPDA may be purchased with a single premium which can range from a minimum of $10,000 up to a maximum of $1,000,000 per owner. Once a SPDA has been established, no additional premiums may be added to that contract. However, additional SPDA contracts may be purchased.

Interest Rate Lock-In Periods A lock-in period is a set number of years during which time an interest rate is guaranteed not to change. The available "lock-in periods" for an SPDA are 2, 5, 7 or 10 years.

End of Interest Rate Lock-In Period Options Once the plan reaches the end of the lock-in period, the annuity owner has a number of options from which to choose.

1. Continue the annuity with a new lock-in period of 2, 5, 7, or 10 years at current interest rates.
2. Continue the annuity with market interest rates which will fluctuate throughout the year.
3. Receive a guaranteed stream of income over a specific number of years or for lifetime.
4. Receive the accumulation value as a lump sum payment.

Premium Bonus If an annuity is purchased with a "lock-in" period of either 7 or 10 years, Navy Mutual will add a 1% bonus to the premium. For example, a $100,000 premium will receive a $1,000 ($100,000 x .01) bonus, resulting in a $101,000 single premium. This premium bonus immediately increases the value of the annuity allowing it to accumulate greater interest.

Interest Rate Calculation Interest rates are calculated based on the lock-in period and the single premium payment amount. Higher interest rates will be applied to deposit amounts that exceed the thresholds of $25,000, $50,000, and $100,000. We guarantee a minimum interest rate of 3%.

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

Tax Considerations All interest accumulated within Navy Mutual's SPDA is tax-deferred. Any payment distribution from a SPDA 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 by the IRS. Prior to taking distributions from an annuity, contact a tax advisor for 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 SPDA from Navy Mutual may be surrendered at any time, with no surrender fees, loads, or commissions deducted. If the surrender of the SPDA occurs prior to the completion of the contract's lock-in period, the fair market value of the annuity, less any premium bonus and accumulated interest on the bonus, will be provided to the plan owner. 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 Market Value Adjustment (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 initial interest rate is 7% and over the next three years interest rates drop to 4%. If you surrender your annuity before the end of your "lock-in" period your MVA would be positive. Money would be added to your surrender value since interest rates are lower than when you made your contribution. 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.

Please contact a Navy Mutual Membership Representative at **800-628-6011** for current interest rates or visit our website at **www.navymutual.org**.

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.

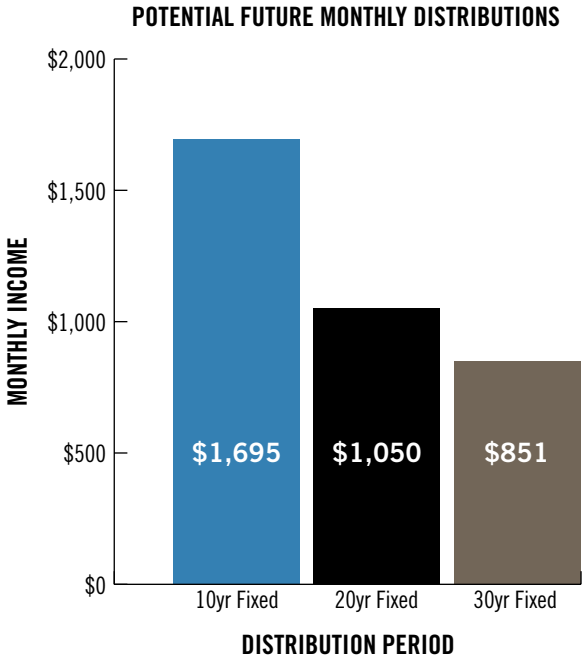
Joint and Survivor Income

- 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.

DISTRIBUTION POTENTIAL

This graph provides samples of potential monthly income, based on various distribution time periods, of a $100,000 SPDA purchased for 10 years at current annuity payout rates.



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

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.

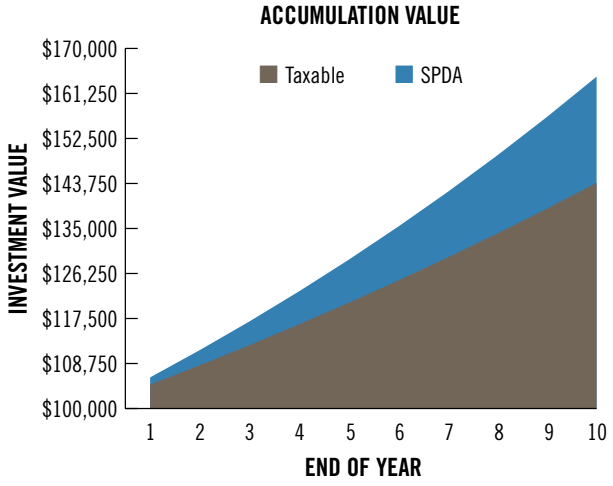
HOW DOES NAVY MUTUAL'S DEFERRED ANNUITY WORK?

Navy Mutual's SPDA 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 is funded with a single premium payment and the owner chooses how long to lock in the current interest rate. The SPDA 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.

TAX ADVANTAGE 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. Here is an example of the growth you can accumulate using this option instead of other taxable investment vehicles.

Accumulation Value of a Tax-Deferred SPDA vs. Taxable Investment



This example assumes a $100,000 single premium earning a 5% rate of return. The taxable account assumes a 28% tax bracket. Navy Mutual's premium bonus of $1000 is added at the time of deposit making the total contribution $101,000.

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.

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Single Premium Deferred 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 PREMUIM DEPOSIT: A minimum deposit of $10,000 is required. An annuity owner may not have a total of more than $1,000,000 deposited in any combination of Navy Mutual annuities. Make check payable to NMAA.

If electing a tax-free 1035 Exchange, please check this box. ❑

Deposit Payment Enclosed $

4. Lock-In Period

LOCK-IN PERIOD DESIRED: Check the box next to the number of years to lock-in your interest rate. Only one lock-in period may be chosen.
A 1% premium bonus will be automatically added to your deposit payment if you choose a 7 or 10 year lock-in period.

❑ 2 years ❑ 5 years ❑ 7 years ❑ 10 years

5. 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.

6. 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 $10,000 must be deposited in order to start a Single Premium Deferred Annuity. An annuity owner may not have a combined total of more than $1,000,000 deposited in any combination of Navy Mutual annuities. If you are transferring funds from either an existing life insurance plan or an 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.

4. Lock-In Period

You may choose to lock in your interest rate for 2, 5, 7 or 10 years. The duration you choose will guarantee that the interest rate will remain fixed for that period. If you elect a 7 or 10 year lock-in period, a 1% premium bonus will be added to your deposit.

5. 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.