



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



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.

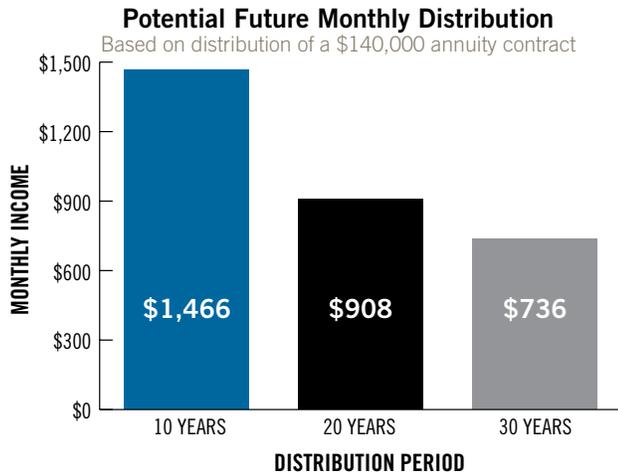
WHO IS ELIGIBLE TO INVEST?

- Any servicemember of the Navy, Marine Corps, Coast Guard, US Public Health Service, or NOAA, who is either on active duty, a reservist or retired. State regulations also open eligibility to Honorably Discharged Veterans of these services residing in Hawaii, 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. The minimum guaranteed interest credited to the contract will be 1-3%. Once the contract is issued this rate is fixed and will not change.

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 than 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.

