

Dear Member:

Enclosed are the documents necessary to open a Roth Individual Retirement Arrangement (IRA) at Navy Federal®. Contributions made to a Roth IRA are not deductible, however; most qualified withdrawals from a Roth IRA, including earnings, are tax-free. By completing and returning the forms, you can establish a Roth IRA Savings Account, Roth IRA MMSA, Roth Jumbo IRA Money Market Savings Account (MMSA) or a Roth IRA Certificate and begin saving for your retirement. Be sure to keep the **yellow** copies for your records. Characteristics of the Navy Federal Roth IRA include:

- A contribution limit of \$4,000 for tax years 2005 through 2007 (\$5,000 for 2008 and after).
- A Catch-up contribution is available for those individuals age 50 and up – you can add an additional \$500 for 2005 and \$1,000 for 2006 and after.
- Your eligibility to contribute to a Roth IRA is not dependent on whether you are covered by a retirement plan at work (for example, a 401(k)). You must have earned income to contribute.
- Tax-free distributions from the Roth IRA are permitted prior to age 59½ for death or disability and/or first-time home purchases (up to a lifetime limit of \$10,000), as long as the money has been in the account for five years.
- Unlike Traditional IRAs, the Roth IRA allows contributions after the age of 70½ as long as you are receiving earned income.
- Attractive dividends and flexible investment alternatives.
- You may convert your Traditional IRA to a Roth IRA following specific rules.

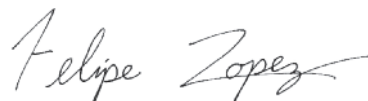
For Roth IRA Savings Accounts and Roth IRA MMSAs, some additional benefits include:

- No minimum deposit required.
- No **Navy Federal** penalty for early withdrawal (although the IRS may impose a penalty for withdrawals under certain circumstances).
- Easy direct deposit contributions.

If you have a Roth IRA at another financial institution, you can transfer it to Navy Federal by completing the enclosed form (IRA TRANSFER OR DIRECT ROLLOVER). Mail it in along with your application and we'll take care of the rest.

If you have questions, visit the Savings and Checking section on our website at navyfederal.org, or call toll-free in the U.S. 1-888-842-6328. For toll-free numbers when overseas, visit navyfederal.org/overseas/. Use 1-703-255-8837 for collect international calls. If you prefer, you may visit your local branch.

Sincerely,



Felipe Lopez

IRA/Certificate Program Administrator

ROTH IRA FINANCIAL DISCLOSURE

Deposits to an IRA are invested in a savings account and/or certificate account that earns dividends. The accompanying charts project possible growth assuming, as an example, a dividend rate of 1% per annum, compounded monthly, is paid. All values are computed with the assumption that no interim withdrawals are made. The values are only projections and are not guaranteed; however, Navy Federal has never failed to pay dividends at the rates declared in advance.

IRA Savings Accounts: Dividends are a division and distribution of earnings among members, after all expenses have been paid and the required amount has been set aside for reserves. Dividend rates are declared prospectively by the Board of Directors in the month preceding the dividend period. These prospective dividend rates may change at the determination of the Board. Navy Federal also provides the annual percentage yield (APY) for each dividend rate declared by the Board. Payment of all dividends is, of course, dependent on the availability of earnings at the end of the period. Dividends at Navy Federal are earned from day-of-deposit to day-of-withdrawal and are computed using the daily balance method by applying the daily periodic rate to the full amount in your account at the end of each day. Dividends are compounded monthly and credited the last calendar day of the month in which they were earned. The dividend period is monthly, beginning the first calendar day of the month and ending the last calendar day of the month. The dividend rate and the annual percentage yield may be obtained by calling Navy Federal toll-free in the U.S. at 1-888-842-6328 or online at navyfederal.org. Fees and charges that may be assessed are disclosed on Navy Federal's current *Schedule of Fees and Charges*. The first chart projects the cumulative value of an IRA at the end of each of the first five years after establishment of an IRA Savings account. Column A of Charts I and II indicates the projected value of an account assuming an annual contribution of \$1,000 at the beginning of each year. Column B of each chart reflects the projected value assuming a onetime rollover (or transfer) contribution of \$1,000 is made on the first day of the first year and no additional funds are contributed.

CHART I

COLUMN A — \$1,000 Annual Contribution CONTRIBUTORY PROJECTION 1.00% DIVIDEND RATE AND 1.0046% APY		COLUMN B — Onetime \$1,000 Contribution ROLLOVER PROJECTION 1.00% DIVIDEND RATE AND 1.0046% APY	
At End Of Year	Projected Value	At End Of Year	Projected Value
1	\$1,010.05	1	\$1,010.05
2	2,030.24	2	1,020.19
3	3,060.68	3	1,030.44
4	4,101.47	4	1,040.79
5	5,152.72	5	1,051.25

CHART II

COLUMN A — \$1,000 Annual Contribution CONTRIBUTORY PROJECTION 1.00% DIVIDEND RATE AND 1.0046% APY				COLUMN B — Onetime \$1,000 Contribution ROLLOVER PROJECTION 1.00% DIVIDEND RATE AND 1.0046% APY			
Your Present Age	Value of Account at End of Year in Which You Reach Age:			Your Present Age	Value of Account at End of Year in Which You Reach Age:		
	60	65	70		60	65	70
20	\$49,424.30	\$57,109.98	\$65,189.54	20	\$1,491.58	\$1,568.02	\$1,648.38
21	47,932.72	55,541.96	63,541.16	21	1,476.74	1,552.42	1,631.98
22	46,455.98	53,989.54	61,909.18	22	1,462.05	1,536.98	1,615.75
23	44,993.93	52,452.55	60,293.43	23	1,447.51	1,521.70	1,599.68
24	43,546.42	50,930.86	58,693.75	24	1,433.11	1,506.56	1,583.77
25	42,113.30	49,424.30	57,109.98	25	1,418.86	1,491.58	1,568.02
26	40,694.44	47,932.72	55,541.96	26	1,404.75	1,476.74	1,552.42
27	39,289.69	46,455.98	53,989.54	27	1,390.78	1,462.05	1,536.98
28	37,898.92	44,993.93	52,452.55	28	1,376.94	1,447.51	1,521.70
29	36,521.97	43,546.42	50,930.86	29	1,363.25	1,433.11	1,506.56
30	35,158.72	42,113.30	49,424.30	30	1,349.69	1,418.86	1,491.58
31	33,809.03	40,694.44	47,932.72	31	1,336.27	1,404.75	1,476.74
32	32,472.77	39,289.69	46,455.98	32	1,322.98	1,390.78	1,462.05
33	31,149.79	37,898.92	44,993.93	33	1,309.82	1,376.94	1,447.51
34	29,839.97	36,521.97	43,546.42	34	1,296.79	1,363.25	1,433.11
35	28,543.18	35,158.72	42,113.30	35	1,283.89	1,349.69	1,418.86
36	27,259.29	33,809.03	40,694.44	36	1,271.12	1,336.27	1,404.75
37	25,988.17	32,472.77	39,289.69	37	1,258.48	1,322.98	1,390.78
38	24,729.69	31,149.79	37,898.92	38	1,245.96	1,309.82	1,376.94
39	23,483.73	29,839.97	36,521.97	39	1,233.57	1,296.79	1,363.25
40	22,250.16	28,543.18	35,158.72	40	1,221.30	1,283.89	1,349.69
41	21,028.86	27,259.29	33,809.03	41	1,209.15	1,271.12	1,336.27
42	19,819.70	25,988.17	32,472.77	42	1,197.13	1,258.48	1,322.98
43	18,622.58	24,729.69	31,149.79	43	1,185.22	1,245.96	1,309.82
44	17,437.35	23,483.73	29,839.97	44	1,173.43	1,233.57	1,296.79
45	16,263.92	22,250.16	28,543.18	45	1,161.76	1,221.30	1,283.89
46	15,102.16	21,028.86	27,259.29	46	1,150.21	1,209.15	1,271.12
47	13,951.95	19,819.70	25,988.17	47	1,138.77	1,197.13	1,258.48
48	12,813.19	18,622.58	24,729.69	48	1,127.44	1,185.22	1,245.96
49	11,685.75	17,437.35	23,483.73	49	1,116.23	1,173.43	1,233.57
50	10,569.52	16,263.92	22,250.16	50	1,105.12	1,161.76	1,221.30
51	9,464.39	15,102.16	21,028.86	51	1,094.13	1,150.21	1,209.15
52	8,370.26	13,951.95	19,819.70	52	1,083.25	1,138.77	1,197.13
53	7,287.01	12,813.19	18,622.58	53	1,072.48	1,127.44	1,185.22
54	6,214.53	11,685.75	17,437.35	54	1,061.81	1,116.23	1,173.43
55	5,152.72	10,569.52	16,263.92	55	1,051.25	1,105.12	1,161.76
56	4,101.47	9,464.39	15,102.16	56	1,040.79	1,094.13	1,150.21
57	3,060.68	8,370.26	13,951.95	57	1,030.44	1,083.25	1,138.77
58	2,030.24	7,287.01	12,813.19	58	1,020.19	1,072.48	1,127.44
59	1,010.05	6,214.53	11,685.75	59	1,010.05	1,061.81	1,116.23
60	0.00	5,152.72	10,569.52	60	0.00	1,051.25	1,105.12

IRA Certificates: The IRA Certificate has a minimum balance requirement as shown on your IRA application form and will earn dividends for each monthly dividend period at the dividend rate and APY specified, if held to maturity. If the balance falls below the minimum requirement, the certificate will be closed and the funds transferred to IRA savings. Dividends are computed from day-of-deposit to day-of-withdrawal on the actual dollar value of the certificate using the daily balance method, compounded daily and credited to the IRA certificate monthly on the last calendar day of the month in which they were earned, unless another dividend distribution option has been chosen. The annual percentage yield assumes dividends remain in the account until maturity. Early withdrawals reduce earnings. The following charts give a projection of the growth of the value of your IRA by showing the amount available to you at the end of each year. The first chart assumes a contribution of \$1,000 is made on the first day of each year to your IRA. The second chart assumes that the only contribution to your IRA is a onetime rollover (or transfer) of \$1,000 made on the first day of the first year. A loss of dividend penalty may be charged on a withdrawal from an IRA certificate prior to maturity. These projections assume the penalty is either a one-month, a three-month, or a six-month loss of dividends on the entire amount withdrawn.

CHART III

REGULAR IRA FINANCIAL PROJECTIONS 1.00% DIVIDEND RATE AND 1.01% APY				
NO. YEARS	ACCOUNT VALUE	3 MO. PENALTY	6 MO. PENALTY	12 MO. PENALTY
1	\$1,010.05	\$1,007.52	\$1,005.00	\$1,000.00
2	2,030.24	2,025.16	2,020.09	2,009.94
3	3,060.68	3,053.03	3,045.38	3,030.07
4	4,101.47	4,091.22	4,080.97	4,060.46
5	5,152.72	5,139.84	5,126.96	5,101.20
6	6,214.53	6,199.00	6,183.46	6,152.39
7	7,287.01	7,268.79	7,250.57	7,214.14
8	8,370.26	8,349.34	8,328.41	8,286.56
9	9,464.39	9,440.73	9,417.07	9,369.75
10	10,569.52	10,543.10	10,516.67	10,463.82
11	11,685.75	11,656.53	11,627.32	11,568.89
12	12,813.19	12,781.15	12,749.12	12,685.05
13	13,951.95	13,917.07	13,882.19	13,812.43
14	15,102.16	15,064.40	15,026.65	14,951.14
15	16,263.92	16,223.26	16,182.60	16,101.28
16	17,437.35	17,393.76	17,350.17	17,262.98
17	18,622.58	18,576.02	18,529.46	18,436.35
18	19,819.70	19,770.15	19,720.60	19,621.51
19	21,028.86	20,976.28	20,923.71	20,818.57
20	22,250.16	22,194.53	22,138.91	22,027.66
21	23,483.73	23,425.02	23,366.31	23,248.89
22	24,729.69	24,667.87	24,606.04	24,482.39
23	25,988.17	25,923.20	25,858.23	25,728.29
24	27,259.29	27,191.14	27,123.00	26,986.70
25	28,543.18	28,471.83	28,400.47	28,257.75
26	29,839.97	29,765.37	29,690.77	29,541.57
27	31,149.79	31,071.92	30,994.04	30,838.29
28	32,472.77	32,391.58	32,310.40	32,148.04
29	33,809.03	33,724.51	33,639.99	33,470.94
30	35,158.72	35,070.83	34,982.93	34,807.14
31	36,521.97	36,430.67	36,339.36	36,156.75
32	37,898.92	37,804.17	37,709.42	37,519.93
33	39,289.69	39,191.47	39,093.24	38,896.80
34	40,694.44	40,592.71	40,490.97	40,287.50
35	42,113.30	42,008.02	41,902.74	41,692.17
36	43,546.42	43,437.55	43,328.68	43,110.95
37	44,993.93	44,881.44	44,768.96	44,543.99
38	46,455.98	46,339.84	46,223.70	45,991.42
39	47,932.72	47,812.89	47,693.06	47,453.40
40	49,424.30	49,300.74	49,177.18	48,930.06
41	50,930.86	50,803.53	50,676.21	50,421.55
42	52,452.55	52,321.42	52,190.29	51,928.03
43	53,989.54	53,854.56	53,719.59	53,449.64
44	55,541.96	55,403.11	55,264.25	54,986.54
45	57,109.98	56,967.20	56,824.43	56,538.88
46	58,693.75	58,547.01	58,400.28	58,106.81
47	60,293.43	60,142.70	59,991.96	59,690.50
48	61,909.18	61,754.41	61,599.64	61,290.09
49	63,541.16	63,382.31	63,223.46	62,905.75
50	65,189.54	65,026.57	64,863.59	64,537.65
51	66,854.48	66,687.34	66,520.21	66,185.94
52	68,536.14	68,364.80	68,193.46	67,850.78
53	70,234.70	70,059.11	69,883.53	69,532.35
54	71,950.32	71,770.45	71,590.57	71,230.82
55	73,683.18	73,498.97	73,314.76	72,946.35
56	75,433.44	75,244.86	75,056.28	74,679.11
57	77,201.29	77,008.29	76,815.28	76,429.28
58	78,986.90	78,789.43	78,591.96	78,197.03
59	80,790.44	80,588.47	80,386.49	79,982.54
60	82,612.11	82,405.58	82,199.04	81,785.98
61	84,452.07	84,240.94	84,029.81	83,607.55
62	86,310.52	86,094.74	85,878.97	85,447.41

CHART IV

ROLLOVER OR TRANSFER IRA FINANCIAL PROJECTIONS 1.00% DIVIDEND RATE AND 1.01% APY				
NO. YEARS	ACCOUNT VALUE	3 MO. PENALTY	6 MO. PENALTY	12 MO. PENALTY
1	\$1,010.05	\$1,007.52	\$1,005.00	\$1,000.00
2	1,020.19	1,017.64	1,015.09	1,009.99
3	1,030.44	1,027.87	1,025.29	1,020.14
4	1,040.79	1,038.19	1,035.59	1,030.39
5	1,051.25	1,048.62	1,045.99	1,040.74
6	1,061.81	1,059.16	1,056.50	1,051.19
7	1,072.48	1,069.80	1,067.11	1,061.75
8	1,083.25	1,080.54	1,077.83	1,072.42
9	1,094.13	1,091.40	1,088.66	1,083.19
10	1,105.12	1,102.36	1,099.60	1,094.07
11	1,116.23	1,113.44	1,110.65	1,105.06
12	1,127.44	1,124.62	1,121.80	1,116.17
13	1,138.77	1,135.92	1,133.07	1,127.38
14	1,150.21	1,147.33	1,144.46	1,138.70
15	1,161.76	1,158.86	1,155.95	1,150.14
16	1,173.43	1,170.50	1,167.57	1,161.70
17	1,185.22	1,182.26	1,179.29	1,173.37
18	1,197.13	1,194.13	1,191.14	1,185.16
19	1,209.15	1,206.13	1,203.11	1,197.06
20	1,221.30	1,218.25	1,215.19	1,209.09
21	1,233.57	1,230.49	1,227.40	1,221.23
22	1,245.96	1,242.85	1,239.73	1,233.50
23	1,258.48	1,255.33	1,252.19	1,245.89
24	1,271.12	1,267.94	1,264.77	1,258.41
25	1,283.89	1,280.68	1,277.47	1,271.05
26	1,296.79	1,293.55	1,290.31	1,283.82
27	1,309.82	1,306.54	1,303.27	1,296.72
28	1,322.98	1,319.67	1,316.36	1,309.75
29	1,336.27	1,332.93	1,329.58	1,322.90
30	1,349.69	1,346.32	1,342.94	1,336.19
31	1,363.25	1,359.84	1,356.43	1,349.62
32	1,376.94	1,373.50	1,370.06	1,363.17
33	1,390.78	1,387.30	1,383.82	1,376.87
34	1,404.75	1,401.24	1,397.72	1,390.70
35	1,418.86	1,415.31	1,411.77	1,404.67
36	1,433.11	1,429.53	1,425.95	1,418.78
37	1,447.51	1,443.89	1,440.27	1,433.04
38	1,462.05	1,458.40	1,454.74	1,447.43
39	1,476.74	1,473.05	1,469.36	1,461.97
40	1,491.58	1,487.85	1,484.12	1,476.66
41	1,506.56	1,502.79	1,499.03	1,491.49
42	1,521.70	1,517.89	1,514.09	1,506.48
43	1,536.98	1,533.14	1,529.30	1,521.61
44	1,552.42	1,548.54	1,544.66	1,536.90
45	1,568.02	1,564.10	1,560.18	1,552.34
46	1,583.77	1,579.81	1,575.85	1,567.93
47	1,599.68	1,595.68	1,591.68	1,583.68
48	1,615.75	1,611.71	1,607.67	1,599.59
49	1,631.98	1,627.90	1,623.82	1,615.66
50	1,648.38	1,644.26	1,640.14	1,631.89
51	1,664.94	1,660.78	1,656.61	1,648.29
52	1,681.66	1,677.46	1,673.26	1,664.85
53	1,698.56	1,694.31	1,690.06	1,681.57
54	1,715.62	1,711.33	1,707.04	1,698.46
55	1,732.86	1,728.52	1,724.19	1,715.53
56	1,750.26	1,745.89	1,741.51	1,732.76
57	1,767.85	1,763.43	1,759.01	1,750.17
58	1,785.61	1,781.14	1,776.68	1,767.75
59	1,803.55	1,799.04	1,794.53	1,785.51
60	1,821.66	1,817.11	1,812.56	1,803.45
61	1,839.96	1,835.36	1,830.76	1,821.56
62	1,858.45	1,853.80	1,849.16	1,839.86

NAVY FEDERAL ROTH IRA SIMPLIFIER – Roth Individual Retirement Account Application

MEMBER'S NAME (FIRST MI LAST SUFFIX)		ROTH IRA TRUSTEE'S NAME AND ADDRESS NAVY FEDERAL CREDIT UNION PO BOX 3000 MERRIFIELD VA 22119-3000				
SOCIAL SECURITY NO. — — —		DATE OF BIRTH (MO., DAY, YR.) — — —				
HOME PHONE ()		BUSINESS PHONE ()		CONTRIBUTION FOR TAX YEAR <input type="checkbox"/> CURRENT <input type="checkbox"/> PRIOR		
ACCESS NO.		SAVINGS NO. <i>NOTE: IF BOX IS NOT CHECKED, CONTRIBUTION WILL BE APPLIED TOWARD CURRENT YEAR.</i>				
CONTRIBUTION DATE (MO., DAY, YR.) — — —		CONTRIBUTION AMOUNT \$		PLEASE ESTABLISH A: (CHECK ONLY ONE) <input type="checkbox"/> ROTH IRA <input type="checkbox"/> ROTH CONDUIT IRA		
CONTRIBUTION TYPE: <input type="checkbox"/> REGULAR <input type="checkbox"/> TRANSFER <input type="checkbox"/> ROLLOVER		APPLY REMITTANCE AS FOLLOWS		DOLLARS	CENTS	
SOURCE OF ROLLOVER: * <input type="checkbox"/> ROTH IRA <input type="checkbox"/> TRADITIONAL IRA (CONVERSION)		CASH/CHECK				
*MUST COMPLETE THE ROTH IRA ROLLOVER/CONVERSION REQUEST		CONVERT FROM TRADITIONAL IRA TO ROTH IRA NO. _____				
PLEASE OPEN A: (Please circle the term below)		TRANSFER FROM SAVINGS NO. _____				
<input type="checkbox"/> IRA Savings Account <input type="checkbox"/> \$100,000 Jumbo IRA Cert. (6 to 84 mos.) Term _____		TRANSFER FROM CHECKING NO. _____				
<input type="checkbox"/> IRA MMSA <input type="checkbox"/> \$2,500 IRA Cert. (13, 26 wk.)		TRANSFER FROM MMSA NO. _____				
<input type="checkbox"/> Jumbo IRA MMSA <input type="checkbox"/> \$10,000 IRA Cert. (13, 26 wk.)		TOTAL				
<input type="checkbox"/> \$100 IRA EasyStart (1 yr.) <input type="checkbox"/> \$100,000 IRA Cert. (13, 26, 39 wk.)		FOR OFFICE USE ONLY				
<input type="checkbox"/> \$500 Variable IRA Cert. (3 yr.) <input type="checkbox"/> \$100,000 IRA Cert. (13, 26, 39 wk.)		IRA NO.	EMPLOYEE NO.	DATE PROCESSED	EFFECTIVE DATE	
<input type="checkbox"/> \$1,000 IRA Cert. (1, 2, 3, 4, 5 or 7 yr.) <input type="checkbox"/> _____						
<input type="checkbox"/> \$2,000 IRA Cert. (1, 2, 3, 4, 5 or 7 yr.)						
AMOUNT \$	TERM					
DESIGNATION OF BENEFICIARY						
<p>The following individual(s) or entity(ies) shall be my primary and/or contingent beneficiary(ies). If neither primary nor contingent is indicated, the individual or entity will be deemed to be a primary beneficiary. If more than one primary beneficiary is designated and no distribution percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the Roth IRA. Multiple contingent beneficiaries with no share percentage indicated will also be deemed to share equally.</p> <p>If any primary or contingent beneficiary dies before I do, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro rata basis. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my Roth IRA. <i>If more space is needed, please attach additional sheet.</i></p>						
NO.	NAME AND ADDRESS	DATE OF BIRTH	SOCIAL SECURITY NO.	RELATIONSHIP	PRIMARY OR CONTINGENT	SHARE %
1.					<input type="checkbox"/> PRIMARY <input type="checkbox"/> CONTINGENT	%
2.					<input type="checkbox"/> PRIMARY <input type="checkbox"/> CONTINGENT	%
3.					<input type="checkbox"/> PRIMARY <input type="checkbox"/> CONTINGENT	%
4.					<input type="checkbox"/> PRIMARY <input type="checkbox"/> CONTINGENT	%
5.					<input type="checkbox"/> PRIMARY <input type="checkbox"/> CONTINGENT	%
6.					<input type="checkbox"/> PRIMARY <input type="checkbox"/> CONTINGENT	%
SPOUSAL CONSENT			SIGNATURES			
<p><i>This section should be reviewed if either the trust or the residence of the Roth IRA holder is located in a community or marital property state and the Roth IRA holder is married. Due to the important tax consequences of giving up one's community property interest, individuals signing this section should consult with a competent tax or legal advisor. *See reverse.</i></p> <p align="center">CURRENT MARITAL STATUS</p> <p><input type="checkbox"/> I Am Not Married – I understand that if I become married in the future, I must complete a new IRA Designation Of Beneficiary form.</p> <p><input type="checkbox"/> I Am Married – I understand that if I choose to designate a primary beneficiary other than my spouse, my spouse must sign below.</p> <p>I am the spouse of the above-named Roth IRA holder. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Due to the important tax consequences of giving up my interest in this Roth IRA, I have been advised to see a tax professional.</p> <p>I hereby give the Roth IRA holder any interest I have in the funds or property deposited in this Roth IRA and consent to the beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the Trustee.</p>			<p><i>Important: Please read before signing.</i></p> <p>I understand the eligibility requirements for the type of Roth IRA deposit I am making and I state that I do qualify to make the deposit. I have received a copy of the Application, Plan Agreement, Financial Disclosure and Disclosure Statement. I understand that the terms and conditions which apply to this Individual Retirement Account are contained in this Application and the Plan Agreement. I agree to be bound by those terms and conditions. Within seven (7) days from the date I open this Roth IRA I may revoke it without penalty by mailing or delivering a written notice to the Trustee. I assume complete responsibility for:</p> <ol style="list-style-type: none"> determining that I am eligible for a Roth IRA each year I make a contribution; ensuring that all contributions I make are within the limits set forth by the tax laws; and the tax consequences of any contribution (including rollover contributions and conversions) and distributions. 			
SIGNATURE OF SPOUSE			ROTH IRA HOLDER			
DATE (MO., DAY, YR.) — — —			DATE (MO., DAY, YR.) — — —			
			AUTHORIZED NAVY FEDERAL SIGNATURE			
			DATE (MO., DAY, YR.) — — —			
			OVER AGE 50 CATCH-UP CONTRIBUTIONS CONFIRMATION			
			<input type="checkbox"/> I certify that I am eligible to make catch-up contributions.			
SIGNATURE			DATE (MO., DAY, YR.) — — —			



*Community property or marital property laws govern the primary rights of married individuals in some states. In these states, Navy Federal requires spousal consent when an IRA holder wishes to name someone other than, or in addition to, their spouse as an IRA beneficiary.

The following are community property states:

- Arizona
- California
- Idaho
- Louisiana
- Nevada
- New Mexico
- Texas
- Washington

Wisconsin is presently the only marital property state.

ROTH INDIVIDUAL RETIREMENT TRUST ACCOUNT AGREEMENT

Form 5305-R under Section 408A of the Internal Revenue Code

FORM (REV.MAY 2009)

The Grantor named on the Application is establishing a Roth Individual Retirement Account under section 408A to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Trustee named on the Application has given the Grantor the disclosure statement required by Regulations section 1.408-6.

The Grantor has assigned the trust account the sum indicated on the Application.

The Grantor and the Trustee make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 408A(e), a recharacterized contribution described in section 408A(d)(6), or an IRA Conversion Contribution, the Trustee will accept only cash contributions up to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a single Grantor, the annual contribution is phased out between adjusted gross income (AGI) of \$95,000 and \$110,000; for a married Grantor filing jointly, between AGI of \$150,000 and \$160,000; and for a married Grantor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the Trustee will not accept IRA Conversion Contributions in a tax year if the Grantor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the Grantor is married and files a separate return. Adjusted gross income is defined in section 408A(c)(3) and does not include IRA Conversion Contributions.

2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Grantor and his or her spouse.

ARTICLE III

The Grantor's interest in the balance in the trust account is nonforfeitable.

ARTICLE IV

1. No part of the trust account funds may be invested in life insurance contracts, nor may the assets of the trust account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).

2. No part of the trust account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

ARTICLE V

1. If the Grantor dies before his or her entire interest is distributed to him or her and the Grantor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated beneficiary, in accordance with (b) below:

(a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the Grantor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the Grantor.

(b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Grantor's death.

2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the designated beneficiary using the attained age of the beneficiary in the year following the year of the Grantor's death and subtracting 1 from the divisor for each subsequent year.

3. If the Grantor's surviving spouse is the designated beneficiary, such spouse will then be treated as the Grantor.

ARTICLE VI

1. The Grantor agrees to provide the Trustee with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), Regulations sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (IRS).

2. The Trustee agrees to submit to the IRS and Grantor the reports prescribed by the IRS.

ARTICLE VII

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through IV and this sentence will be controlling. Any additional articles inconsistent with section 408A, the related regulations, and other published guidance will be invalid.

ARTICLE VIII

This Agreement will be amended as necessary to comply with the provisions of the Code, the related Regulations, and other published guidance. Other amendments

may be made with the consent of the persons whose signatures appear on the Application.

ARTICLE IX

9.01 *Definitions:* In this part of this Agreement (Article IX), the words "you" and "your" mean the Grantor, the words "we," "us" and "our" mean the Trustee, "Code" means the Internal Revenue Code, and "Regulations" means the Treasury Regulations.

9.02 *Notices and Change of Address:* Any required notice regarding this Roth IRA will be considered effective when we send it to the intended recipient at the last address which we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.

9.03 *Representations and Responsibilities:* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us, or action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your Roth IRA. We have no duty to determine whether your contributions or distributions comply with the Code, Regulations, rulings or this Agreement. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We shall not be responsible for losses of any kind that may result from directions, actions or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act by your authorized agent. You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

By performing services under this Agreement we are acting as your agent. Unless otherwise specified in this Agreement, you acknowledge and agree that nothing in this Agreement shall be construed as conferring fiduciary status upon us. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to Roth IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorney's fees, arising from, or in connection with this Agreement.

To the extent written instructions or notices are required under this Agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

Any brokerage commissions attributable to the assets in your Roth IRA will be charged to your Roth IRA. You cannot reimburse your Roth IRA for those commissions.

9.05 *Investment of Amounts in the Roth IRA:*

Grantor Management of Investment - Unless Section 9.05(b) of this article applies, you have exclusive responsibility for and control over the investment of the assets of your Roth IRA. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this Agreement. After your death, your beneficiary(ies) shall have the right to direct the investment of your Roth IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement (including, without limitation, Section 9.03 of this article). We shall have no discretion to direct any investment in your Roth IRA. We assume no responsibility for rendering investment advice with respect to your Roth IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your Roth IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we shall have the right to hold any uninvested amounts in cash, and we shall have no responsibility to invest uninvested cash unless and until

directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your Roth IRA unless you provide timely written directions acceptable to us.

You will select the type of investment for your Roth IRA assets, provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for investment in Roth IRAs. We may, in our sole discretion, make available to you, additional investment offerings, which shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

9.06 **Beneficiary(ies):** If you die before you receive all of the amounts in your Roth IRA, payments from your Roth IRA will be made to your beneficiary(ies).

You may designate one or more persons or entities as beneficiary of your Roth IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Unless otherwise specified, each beneficiary designation you file with us will cancel all previous ones. The consent of a beneficiary(ies) shall not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survives you, the contingent beneficiary(ies) shall acquire the designated share of your Roth IRA. If you do not designate a beneficiary, or if all of your primary and contingent beneficiary(ies) predecease you, your estate will be the beneficiary.

If your surviving spouse is the designated beneficiary, your spouse may elect to treat your Roth IRA as his or her own Roth IRA, and would not be subject to the required minimum distribution rules. Your surviving spouse will also be entitled to such additional beneficiary payment options as are granted under the Code or applicable Regulations.

We may allow, if permitted by state law, an original Roth IRA beneficiary(ies) (the beneficiary(ies) who is entitled to receive distribution(s) from an inherited Roth IRA at the time of your death) to name a successor beneficiary(ies) for the inherited Roth IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original Roth IRA beneficiary's(ies') lifetime. Unless otherwise specified, each beneficiary designation form that the original Roth IRA beneficiary(ies) files with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for the original Roth IRA beneficiary(ies) to revoke a successor beneficiary(ies) designation. If the original Roth IRA beneficiary(ies) does not designate a successor beneficiary(ies), his or her estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for the original Roth IRA beneficiary.

9.07 **Termination of Agreement, Resignation, or Removal of Trustee:** Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Trustee at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your Roth IRA to another financial organization. If you do not complete a transfer of your Roth IRA within 30 days from the date we mail the notice to you, we have the right to transfer your Roth IRA assets to a successor Roth IRA custodian or trustee that we choose in our sole discretion, or we may pay your Roth IRA to you in a single sum. We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this Agreement is terminated, we may charge your Roth IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to, one or more of the following:

- any fees, expenses or taxes chargeable against your Roth IRA;
- any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your Roth IRA.

If we are required to comply with Regulations section 1.408-2(e), and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or Regulations, the IRS may, after notifying you, require you to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your Roth IRA to you in cash or property if the balance of your Roth IRA drops below the minimum balance required under the applicable investment or policy established.

9.08 **Successor Trustee:** If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion which includes your Roth IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your Roth IRA, but only if it is the type of organization authorized to serve as a Roth IRA trustee or custodian.

9.09 **Amendments:** We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.

9.10 **Withdrawals or Transfers:** All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.

You are not required to take a distribution from your Roth IRA at age 70½. At your death, however, your beneficiary(ies) must begin taking distributions in accordance with Article V and Section 9.06 of this Agreement. We will make no distributions to you from your Roth IRA until you provide us with a written request for a distribution on a form provided by or acceptable to us.

9.11 **Transfers from Other Plans:** We can receive amounts transferred to this Roth IRA from the custodian or trustee of another Roth IRA as permitted by the Code. We reserve the right not to accept any transfer.

9.13 **Liquidation of Assets:** We have the right to liquidate assets in your Roth IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties or surrender charges properly chargeable against your Roth IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree not to hold us liable for any adverse consequences that result from our decision.

9.14 **Restrictions on the Fund:** Neither you nor any beneficiary may sell, transfer or pledge any interest in your Roth IRA in any manner whatsoever, except as provided by law or this Agreement.

The assets in your Roth IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.

9.15 **What Law Applies:** This Agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this Agreement, the law of our domicile shall govern.

If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

GENERAL INSTRUCTIONS

Section references are to the Internal Revenue Code unless otherwise noted.

PURPOSE OF FORM

Form 5305-R is a model trust account agreement that meets the requirements of section 408A and has been pre-approved by the IRS. A Roth Individual Retirement Account (Roth IRA) is established after the form is fully executed by both the individual (Grantor) and the Trustee. This account must be created in the United States for the exclusive benefit of the Grantor and his or her beneficiaries.

Do not file Form 5305-R with the IRS. Instead, keep it with your records.

Unlike contributions to Traditional individual retirement arrangements, contributions to a Roth IRA are not deductible from the Grantor's gross income; and distributions after 5 years that are made when the Grantor is 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the Trustee must give the Grantor, see **Pub. 590, Individual Retirement Arrangements (IRAs)**.

DEFINITIONS

IRA Conversion Contributions. IRA Conversion Contributions are amounts rolled over, transferred, or considered transferred from a nonRoth IRA to a Roth IRA. A nonRoth IRA is an individual retirement account or annuity described in section 408(a) or 408(b), other than a Roth IRA.

Trustee. The trustee must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as trustee.

Grantor. The grantor is the person who establishes the trust account.

SPECIFIC INSTRUCTIONS

Article I. The Grantor may be subject to a 6% tax on excess contributions if (1) contributions to other individual retirement arrangements of the Grantor have been made for the same tax year, (2) the Grantor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or (3) the Grantor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year. The Grantor should see the Disclosure Statement or Pub. 590 for more information.

Article V. This article describes how distributions will be made from the Roth IRA after the Grantor's death. Elections made pursuant to this article should be reviewed periodically to ensure they correspond to the Grantor's intent. Under paragraph 3 of Article V, the Grantor's spouse is treated as the owner of the Roth IRA upon the death of the Grantor, rather than as the beneficiary. If the spouse is to be treated as the beneficiary, and not the owner, an overriding provision should be added to Article IX.

Article IX. Article IX and any that follow it may incorporate additional provisions that are agreed to by the Grantor and Trustee to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the Trustee, Trustee's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the Grantor, etc. Attach additional pages if necessary.

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR ROTH IRA

If you receive this Disclosure Statement at the time you establish your Roth IRA, you have the right to revoke your Roth IRA within seven (7) days of its establishment. If revoked, you are entitled to a full return of the contribution you made to your Roth IRA. You may make this revocation only by mailing or delivering a written notice to the Trustee at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

We are required to report to the IRS the contributions to and distributions from a revoked IRA.

If you have any questions about the procedure for revoking your Roth IRA, please call the Trustee at the telephone number listed on the Application.

REQUIREMENTS OF A ROTH IRA

A. **CASH CONTRIBUTIONS** - Your contribution must be in cash, unless it is a rollover or conversion contribution. Stock certificates will not be accepted.

B. **MAXIMUM CONTRIBUTION** - The total amount you may contribute to a Roth IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation, \$4,000 for years 2005-2007, and \$5,000 for 2008, with possible cost-of-living adjustments in years 2009 and beyond. If you also maintain a Traditional IRA (i.e., an IRA subject to the limits of Internal Revenue Code (Code) sections 408(a) or 408(b)), the maximum contribution to your Roth IRAs is reduced by any contributions you make to your Traditional IRA. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.

Your Roth IRA contribution is further limited if your modified adjusted gross income (MAGI) equals or exceeds \$156,000 if you are a married individual filing a joint income tax return, or equals or exceeds \$99,000 if you are a single individual. Married individuals filing a joint income tax return with MAGI equaling or exceeding \$166,000 may not fund a Roth IRA. Single individuals with MAGI equaling or exceeding \$114,000 may not fund a Roth IRA. Married individuals filing a separate income tax return with MAGI equaling or exceeding \$10,000 may not fund a Roth IRA. The MAGI limits described above are subject to cost-of-living increases for tax years beginning after 2006.

If you are married filing a joint income tax return and your MAGI is between \$156,000 and \$166,000, your maximum Roth IRA contribution is determined as follows: (1) Subtract your MAGI from \$166,000; (2) divide the difference by \$10,000; and (3) multiply the result in step (2) by the maximum allowable contribution for the year, including catch-up contributions if you are age 50 or older. For example, if you are age 30 and your MAGI is \$155,000, your maximum Roth IRA contribution for 2008 is \$1,500. This amount is determined as follows: [(\$166,000 minus \$161,000) divided by \$10,000] multiplied by \$3,000.

If you are single and your MAGI is between \$99,000 and \$114,000, your maximum Roth IRA contribution is determined as follows: (1) Subtract your MAGI from \$114,000; (2) divide the difference by \$15,000; and (3) multiply the result in step (2) by the maximum allowable contribution for the year, including catch-up contributions if you are age 50 or older. For example, if you are age 30 and your MAGI is \$102,000, your maximum Roth IRA contribution for 2008 is \$2,400. This amount is determined as follows: [(\$114,000 minus \$102,000) divided by \$15,000] multiplied by \$3,000.

C. **CONTRIBUTION ELIGIBILITY** - You are eligible to make a regular contribution to your Roth IRA, regardless of your age, if you have compensation and your MAGI is below the maximum threshold. Your Roth IRA contribution is not limited by your participation in a retirement plan, other than a Traditional IRA.

D. **CATCH-UP CONTRIBUTION** - If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your Roth IRA. The maximum additional contribution is \$500 for years 2002-2005 and \$1,000 for years 2006 and beyond.

E. **NONFORFEITABILITY** - Your interest in your Roth IRA is nonforfeitable.

F. **ELIGIBLE TRUSTEES** - The Trustee of your Roth IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.

G. **COMMINGLING ASSETS** - The assets of your Roth IRA cannot be commingled with other property except in a common trust fund or common investment fund.

H. **LIFE INSURANCE** - No portion of your Roth IRA may be invested in life insurance contracts.

I. **COLLECTIBLES** - You may not invest the assets of your Roth IRA in collectibles (within the meaning of Code section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in Code section 408(m)(3)) are also permitted as Roth IRA investments.

J. **BENEFICIARY PAYOUTS** - Your designated beneficiary is determined based on the beneficiary(ies) designated as of the date of your death who remains your beneficiary(ies) as of September 30 of the year following the year of your death. The entire amount remaining in your account will, at the election of your beneficiary(ies), either

1. be distributed by December 31 of the year containing the fifth anniversary of your death, or
2. be distributed over the remaining life expectancy of your designated beneficiary(ies).

Your designated beneficiary(ies) must elect either option (1) or (2) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (2). In the case of

distributions under option (2), distributions must commence by December 31 of the year following the year of your death. If your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary(ies) of your Roth IRA for purposes of determining the distribution period. If there is no designated beneficiary of your Roth IRA, the entire Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of your death. If the total balance of the IRA assets is less than \$500, Navy Federal will pay out the entire balance to the beneficiary as an immediate lump sum distribution. If no instructions are received from the beneficiary by the deadline as described above, Navy Federal will distribute the entire balance by December 31 of the year following death payable to the beneficiary. This payout is irrevocable and will not be reversed.

A spouse who is the sole designated beneficiary of your entire Roth IRA may elect to redesignate your Roth IRA as his or her own. Alternatively, the sole spouse beneficiary will be deemed to elect to treat your Roth IRA as his or her own by either (1) making contributions to your Roth IRA or (2) failing to timely remove a required minimum distribution from your Roth IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your Roth IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own Roth IRA.

To the extent the IRS permits use of the required minimum distribution rules provided in either the 1987 or the 2001 Proposed Regulations under Code sections 408 and 401(a)(9), those rules, as specifically described in the Regulations, and as summarized in the applicable IRS Publication 590, may continue to be applied. These transactions are often complex. If you have any questions regarding required minimum distributions, please see a competent tax advisor.

INCOME TAX CONSEQUENCES OF ESTABLISHING A ROTH IRA

A. **CONTRIBUTIONS NOT DEDUCTED** - No deduction is allowed for Roth IRA contributions, including transfers, rollovers and conversion contributions.

B. **CONTRIBUTION DEADLINE** - The deadline for making a Roth IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar year taxpayer, and you make your Roth IRA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designate it as such.

C. **TAX CREDIT FOR CONTRIBUTIONS** - For taxable years beginning on or after January 1, 2002, and ending on or before December 31, 2006, you may be eligible to receive a tax credit for your Traditional or Roth IRA contributions. This credit will be allowed in addition to any tax deduction that may apply, and may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are

- age 18 or older as of the close of the taxable year,
- not a dependent of another taxpayer, and
- not a full-time student.

The credit is based upon your income (see chart below), and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your Traditional or Roth IRA and reduce these contributions by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2,000.

Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1 - 30,000	\$1 - 22,500	\$1 - 15,000	50
30,001 - 32,500	22,501 - 24,375	15,001 - 16,250	20
32,501 - 50,000	24,376 - 37,500	16,251 - 25,000	10
Over 50,000	Over 37,500	Over 25,000	0

*Adjusted gross income includes foreign earned income and income from Guam, America Samoa, North Mariana Islands and Puerto Rico. AGI limits are subject to cost-of living adjustments for tax years beginning after 2006.

D. **TAX-DEFERRED EARNINGS** - The investment earnings of your Roth IRA are not subject to federal income tax as they accumulate in your Roth IRA. In addition, distributions of your Roth IRA earnings will be free from federal income tax if you take a qualified distribution, as described below.

E. **TAXATION OF DISTRIBUTIONS** - The taxation of Roth IRA distributions depends on whether the distribution is a qualified distribution or a nonqualified distribution.

1. **Qualified Distributions** - Qualified distributions from your Roth IRA (both the contributions and earnings) are not included in your income. A qualified distribution is a distribution which is made after the expiration of the five-year period beginning January 1 of the first year for which you made a contribution to any Roth IRA (including a conversion from a Traditional IRA), and is made on account of one of the following events:

- attainment of age 59½,
- disability,
- the purchase of a first home, or
- death.

For example, if you made a contribution to your Roth IRA for 1998, the five-year period for determining whether a distribution is a qualified distribution is satisfied as of January 1, 2003.

2. **Nonqualified Distributions** - If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income and, if you are under age 59½, may be subject to an early distribution penalty. However, when you take a distribution, the amounts you contributed annually to any Roth IRA account and any military death gratuity or Servicemembers' Group Life Insurance (SGLI) payments that you rolled over to a Roth IRA, will be deemed to be removed first, followed by conversion contributions made to any Roth IRA on a first-in, first-out basis. Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual contributions, military death gratuity or SGLI payments, and your conversions.
- F. **REQUIRED MINIMUM DISTRIBUTIONS** - You are not required to take distributions from your Roth IRA at age 70½ (as required for Traditional and SIMPLE IRAs). However, your beneficiary(ies) is generally required to take distributions from your Roth IRA after your death. See the section titled Beneficiary Payouts in this Disclosure Statement regarding beneficiary(s)(ies)' required minimum distributions.
- G. **ROLLOVERS AND CONVERSIONS** - Your Roth IRA may be rolled over to another Roth IRA of yours, may receive rollover contributions, or may receive conversion contributions provided that all of the applicable rollover or conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your Roth IRA from another Roth IRA. Conversion is a term used to describe the movement of Traditional IRA or SIMPLE IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.
 1. **Roth IRA to Roth IRA Rollovers** - Funds distributed from your Roth IRA may be rolled over to a Roth IRA of yours if the requirements of Code section 408(d)(3) are met. A proper Roth IRA to Roth IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another Roth IRA to Roth IRA rollover from the distributing Roth IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months. Roth IRA assets may not be rolled over to other types of IRAs (e.g., Traditional IRA, SIMPLE IRA).
 2. **Traditional IRA to Roth IRA Conversions** - If your MAGI is not more than \$100,000, and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing Traditional IRA(s) into your Roth IRA(s). Beginning in 2010, the \$100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated for conversion eligibility. However, if you are age 70½ or older you must remove your required minimum distribution prior to converting your Traditional IRA. The amount of the conversion from your Traditional IRA to your Roth IRA shall be treated as a distribution for income tax purposes, and is includable in your gross income (except for any nondeductible contributions). Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.
 3. **SIMPLE IRA to Roth IRA Conversions** - If your MAGI is not more than \$100,000 and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing savings incentive match plan for employees of small employers (SIMPLE) IRA(s) into your Roth IRA(s), provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. Beginning in 2010, the \$100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated for conversion eligibility. However, if you are age 70½ or older you must remove your required minimum distribution prior to converting your SIMPLE IRA. The amount of the conversion from your SIMPLE IRA to your Roth IRA shall be treated as a distribution for income tax purposes and is includable in your gross income. Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.
 4. **Written Election** - At the time you make a proper rollover or conversion to a Roth IRA, you must designate in writing to us, your election to treat that contribution as a rollover or conversion. Once made, the election is irrevocable.
 5. **Rollovers from Employer-Sponsored Retirement Plans** - Distributions taken from your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan after December 31, 2007 may be rolled over to your Roth IRA. Roth IRA conversion rules, as described above, will apply to rollovers by plan participants, including the requirement to include the taxable portion in income in the year distributed.
 6. **Rollover of Military Death Benefits** - If you receive or have received a military death gratuity of a payment from the Servicemembers' Group Life Insurance (SGLI) program, you may be able to roll over the proceeds to your Roth IRA. The rollover contribution amount is limited to the sum of the death benefits or SGLI payment received, less any such amount that was rolled over to a Coverdell education savings account. Proceeds must be rolled over within one year of receipt of the gratuity or SGLI payment for deaths occurring on or after June 17, 2008. For deaths occurring between October 7, 2001 and June 17, 2008, proceeds may be rolled over no later than one year from June 17, 2008. Any amount that is rolled over under this provision is considered nontaxable basis for your Roth IRA.
- H. **TRANSFER DUE TO DIVORCE** - If all or any part of your Roth IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's Roth IRA (and may be transferred pursuant to a court-approved divorce decree or written legal

separation agreement to another Roth IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Roth IRA to another.

- I. **RECHARACTERIZATIONS** - If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. If you have converted from a Traditional IRA to a Roth IRA you may recharacterize the conversion along with net income attributable back to the Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions), for the year for which the original contribution was made or conversion completed.

LIMITATIONS AND RESTRICTIONS

- A. **SPOUSAL ROTH IRA** - If you are married and have compensation, you may contribute to a Roth IRA established for the benefit of your spouse, regardless of whether or not your spouse has compensation. You must file a joint income tax return for the year for which the contribution is made. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

The amount you may contribute to your Roth IRA and your spouse's Roth IRA is the lesser of 100 percent of your combined compensation or \$6,000 for 2002-2004, \$8,000 for 2005-2007 and \$10,000 for 2008. This amount may be increased with cost-of-living adjustments in 2009 and beyond. However, you may not contribute more than the individual contribution limit to each Roth IRA. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's Roth IRA. The maximum additional contribution is \$500 for years 2002-2005, and \$1,000 for years 2006 and beyond.

- B. **GIFT TAX** - Transfers of your Roth IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.
- C. **SPECIAL TAX TREATMENT** - Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to Roth IRA distributions.
- D. **INCOME TAX TREATMENT** - Any nonqualified withdrawal of earnings from your Roth IRA may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your Roth IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- E. **PROHIBITED TRANSACTIONS** - If you or your beneficiary engage in a prohibited transaction with your Roth IRA, as described in Code section 4975, your Roth IRA will lose its tax-deferred or tax-exempt status, and you must generally include the value of the earnings in your account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your Roth IRA: (1) taking a loan from your Roth IRA; (2) buying property for personal use (present or future) with Roth IRA funds; or (3) receiving certain bonuses or premiums because of your Roth IRA.
- F. **PLEDGING** - If you pledge any portion of your Roth IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and may be included in your gross income for the taxable year in which you pledge the assets to the extent it represents earnings.

FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY** - If you are under age 59½ and receive a nonqualified Roth IRA distribution, an additional tax of 10 percent will generally apply to the amount includable in income in the year of the distribution. If you are under age 59½ and receive a distribution of conversion amounts within the five-year period beginning with the year in which the conversion occurred, an additional tax of 10 percent will generally apply to the amount of the distribution. The additional tax of 10 percent will generally not apply if a distribution is made on account of 1) death, 2) disability, 3) a qualifying rollover, 4) the timely withdrawal of an excess contribution, 5) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your beneficiary, 6) medical expenses which exceed 7.5 percent of your adjusted gross income, 7) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 8) certain qualified education expenses, 9) first-home purchases (up to a life-time maximum of \$10,000), or 10) a levy issued by the IRS, or 11) active military duty (see *Qualified Reservist Distributions* below.)
- B. **EXCESS CONTRIBUTION PENALTY** - An additional tax of six percent is imposed upon any excess contribution you make to your Roth IRA. This additional tax will apply each year in which an excess remains in your Roth IRA. An excess contribution is any amount that is contributed to your Roth IRA that exceeds the amount that you are eligible to contribute.
- C. **EXCESS ACCUMULATION PENALTY** - As previously described, your beneficiary(ies) is generally required to take certain required minimum distributions after your death. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.
- D. **PENALTY REPORTING** - You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

NAVY FEDERAL IRA INVESTMENT INFORMATION, FEES AND PENALTIES:

- A. NAVY FEDERAL does require that each NAVY FEDERAL IRA participant maintain a regular NAVY FEDERAL savings account.
- B. There is no NAVY FEDERAL penalty on funds withdrawn from an IRA share account, IRA MMSA or Jumbo IRA MMSA.
- C. If a certificate balance falls below the minimum balance requirement, the certificate will be closed and the funds deposited to the IRA savings account or IRA MMSA.

- D. If funds are invested in an IRA certificate with a term of 1 year or less, penalties for early withdrawal are the lesser of:
1. All dividends for 90 days on the amount withdrawn or
 2. All dividends on the amount withdrawn since the date of issuance or renewal.
- E. If funds are invested in an IRA certificate with a maturity of more than 1 year, penalties for early withdrawal are the lesser of:
1. All dividends for 180 days on the amount withdrawn or
 2. All dividends on the amount withdrawn since the date of issuance or renewal.
- F. If funds are invested in an IRA certificate with a maturity of more than 5 years, penalties for early withdrawal are the lesser of:
1. All dividends for 365 days on the amount withdrawn or
 2. All dividends on the amount withdrawn since the date of issuance or renewal.
- G. **FOR JUMBO IRA CERTIFICATES (only)** – If funds are invested in a Jumbo IRA Certificate with a term of 6 to 11 months, penalties for early withdrawal are the lesser of:
1. All dividends for 90 days on the amount withdrawn or
 2. All dividends on the amount withdrawn since the date of issuance or renewal.
- H. **FOR JUMBO IRA CERTIFICATES (only)** – If funds are invested in a Jumbo IRA Certificate with a term of 12 to 59 months, penalties for early withdrawal are the lesser of:
1. All dividends for 180 days on the amount withdrawn or
 2. All dividends on the amount withdrawn since the date of issuance or renewal.
- I. **FOR JUMBO IRA CERTIFICATES (only)** – If funds are invested in a Jumbo IRA Certificate with a term of 60 to 84 months, penalties for early withdrawal are the lesser of:
1. All dividends for 365 days on the amount withdrawn or
 2. All dividends on the amount withdrawn since the date of issuance or renewal.
- J. **PENALTY EXCEPTIONS** – Penalties will not be applied to any of the following:
1. Withdrawals of dividend payments only.
 2. Withdrawals made from an IRA Certificate due to the death of the IRA participant.
 3. Withdrawals made as a result of the voluntary or involuntary liquidation of the Credit Union.
- K. **MATURING CERTIFICATES** – At least 20 days prior to each IRA certificate's maturity, NAVY FEDERAL will provide a notice to the owner specifying the terms under which the Credit Union proposes to renew the IRA certificate or otherwise make the funds available to the owner. Each IRA certificate will be automatically renewed as specified in the notice unless the owner notifies NAVY FEDERAL to the contrary on or before the maturity date. The owner has a grace period of 14 calendar days after the maturity date to withdraw the funds in the account without being charged an early withdrawal penalty.
- L. **FINAL PAYMENT** – All non-cash IRA certificate purchases will be credited subject to final payment.
- M. **CHANGE IN TERMS** – NAVY FEDERAL reserves the right to discontinue or change the terms of IRA certificate offerings with 30 days prior notice; however, once issued, the terms of a certificate may not be changed without the owner's consent.

OTHER

- A. **IRS PLAN APPROVAL** -The Agreement used to establish this Roth IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. **ADDITIONAL INFORMATION** - You may obtain further information on Roth IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, Individual Retirement Arrangements, by calling 1-800-TAX-FORM (1-800-829-3676), or by visiting www.irs.gov on the Internet.
- C. **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT** - To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.
- D. **HURRICANE-RELATED RELIEF** - If you are an individual who sustained an economic loss due to, or are otherwise considered affected by, Hurricane Katrina, Rita or Wilma, you may be eligible for favorable tax treatment on distributions and rollovers from your Roth IRA. Qualified distributions include Roth IRA distributions made on or after specified dates for each hurricane and before January 1, 2007 to a qualified individual. For a complete definition of what constitutes a qualified individual and a qualified hurricane distribution for purposes of hurricane relief, refer to IRS Publication 4492, *Information for Taxpayers Affected by Hurricanes Katrina, Rita and Wilma*.
1. **10 Percent Penalty Exception on Qualified Distributions** - Qualified hurricane distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
 2. **Taxation May be Spread Over Three Years** - If you receive qualified hurricane distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
 3. **Repayment of Qualified Hurricane Distributions** - You may roll over qualified hurricane distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.
- For further detailed information on tax relief granted for Hurricanes Katrina, Rita and Wilma, and other exceptions which may be granted in the future by the IRS, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM (1-800-829-3676), or by visiting www.irs.gov on the internet.
- E. **QUALIFIED RESERVIST DISTRIBUTIONS** - If you are a qualified reservist called to active duty, you may be eligible to take penalty-free distributions from your Roth IRA and recontribute those amounts to an IRA generally within a two-year period from your date of return. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.

IRA EASYSTART CERTIFICATE DISCLOSURE STATEMENT

DIVIDENDS: The IRA EasyStart Certificate has a minimum balance requirement as indicated above and will earn dividends for monthly dividend periods at the dividend rate and annual percentage yield specified. Dividends are computed from day-of-deposit to day-of-withdrawal on the actual dollar value of the certificate using the daily balance method, compounded daily and credited to the IRA EasyStart Certificate monthly on the last calendar day of the month in which they are earned. Early withdrawals reduce earnings.

ADDITIONAL DEPOSITS: You may add additional deposits to an IRA EasyStart Certificate at any time. Additional deposits can be made by depositing cash, transferring from a Navy Federal savings, checking or MMSA account or allotment. The minimum requirement for additional deposits is \$10 per deposit. Note: Navy Federal requires that members age 18 and older set up for allotments to the IRA EasyStart Certificate. The minimum requirement for these additional deposits is \$10 per deposit.

THE PENALTY IMPOSED FOR PREMATURE WITHDRAWALS FROM IRA EASYSTART CERTIFICATE ACCOUNTS WILL BE AS FOLLOWS:

An amount equal to the lesser of:

- (1) All dividends for 90 days on the amount withdrawn or;
- (2) All dividends on the amount withdrawn since the date of issuance of renewal.

PENALTY EXCEPTIONS: Penalties will not be applied to withdrawals subsequent to the death of any owner of the IRA EasyStart Certificate, or withdrawals made as a result of the voluntary or involuntary liquidation of the Credit Union. **Maturing IRA EasyStart Certificates:** At least 20 days prior to each IRA EasyStart Certificate's maturity, Navy Federal will provide a notice to the owner specifying the terms under which the Credit Union proposes to renew the IRA EasyStart Certificate or otherwise make the funds available. Each IRA EasyStart Share Certificate will be automatically renewed as specified in the notice unless you notify Navy Federal to the contrary on or before the maturity date.

GRACE PERIOD: You have 14 calendar days after the maturity date to change the conditions under which the IRA EasyStart Certificate will renew. Changes may be made to the renewal balance without a penalty being charged. During this period, the balance in the certificate will earn dividends at the current offering rate. If no changes are made within this period, the certificate will renew for the same term and continue earning at the current rate. If a change is made to the certificate within the grace period, a revised renewal notice will be issued. At the end of the 14 calendar day grace period, if the owner wishes to change the renewal balance, a dividend penalty, as previously described will be applied.

INSURANCE: IRA Certificate account funds are included under insurance coverage by the National Credit Union Administration up to a total of \$250,000.

TRANSFERABILITY: IRA EasyStart Certificates are not transferable and not negotiable and may not be pledged as collateral on a loan.

FINAL PAYMENT: All non-cash IRA EasyStart Certificates purchases will be credited subject to final payment.

GOVERNING LAWS: IRA Certificate accounts shall be maintained and governed in accordance with Federal law and the laws of the Commonwealth of Virginia, as amended.

CHANGE IN TERMS: Navy Federal reserves the right to discontinue or change the terms of IRA EasyStart Certificate offerings with 30 days prior notice; however, once issued, the terms of a certificate may not be changed without your consent.

IRA MMSA DISCLOSURE STATEMENT

DIVIDENDS: Dividends accrue daily on account balances of \$2,500 or greater. Dividends are a division and distribution of earnings among members after all expenses have been paid and the required amount has been set aside for reserves. Dividend rates are declared prospectively by the Board of Directors in the month preceding the dividend period. The dividend rates and APY may vary weekly as determined by the Board of Directors. Dividends at Navy Federal are earned on deposits, including non-cash deposits, from day-of deposits to day-of withdrawal or until the account is deemed closed, whichever is earlier. An account is deemed closed as of the day you instruct us to close the account. Dividends are computed using the daily balance method by applying the daily periodic rate to the full amount in your account at the end of each day. Dividends for the IRA/ESA MMSA are compounded monthly and credited on the last business day of the month in which they were earned. The dividend period is monthly, beginning the first day of the month and ending the last day of the month. For example, the beginning date of the first dividend period of a calendar year is 1 January and the ending date of such dividend period is 31 January. All other dividend periods follow the same pattern of dates. Fees and charges that may be assessed are disclosed on Navy Federal's current *Schedule of Fees and Charges*.

CURRENT RATES AND PENALTIES: The dividend rate and the annual percentage yield for the IRA MMSA may be obtained by calling Navy Federal toll-free in the U.S. 1-888-842-6328 or online at navyfederal.org. For toll-free numbers when overseas, visit

navyfederal.org/overseas/. Use 1-703-255-8837 for collect international calls. There are no Navy Federal penalties for early withdrawals; however, the IRS imposes penalties for nonqualified withdrawals prior to the age of 59½ for Traditional IRAs, and for nonqualified withdrawal purposes for Roth IRAs.

CHANGE IN TERMS: Navy Federal reserves the right to terminate this agreement. The terms of this account may change upon 30 days notice. The right or authority of Navy Federal under this agreement shall not be changed or terminated by you except by written notice to said credit union which shall not affect transactions previously made.

INSURANCE: Separate from your other savings accounts, IRA Savings and IRA MMSA Accounts combined with IRA Certificates are insured up to \$250,000 by the National Credit Union Administration (NCUA), a US government agency. ESA Savings and ESA MMSA Accounts combined with ESA Certificates are insured up to \$250,000 by NCUA.

GOVERNING LAWS: Your Navy Federal accounts are maintained and governed in accordance with Federal law and the laws of the Commonwealth of Virginia, as amended.

JUMBO IRA MMSA DISCLOSURE STATEMENT

DIVIDENDS: Dividends are a division and distribution of earnings among members after all expenses have been paid and the required amount has been set aside for reserves. Dividend rates are declared prospectively by the Board of Directors in the month preceding the dividend period. The dividend rates and APY may vary weekly as determined by the Board of Directors. Dividends at Navy Federal are earned on deposits, including non-cash deposits, from day-of-deposits to day-of-withdrawal or until the account is deemed closed, whichever is earlier. An account is deemed closed as of the day you instruct us to close the account. Dividends are computed using the daily balance method by applying the daily periodic rate to the full amount in your account at the end of each day. Dividends for the Jumbo IRA MMSA are compounded monthly and credited on the last business day of the month in which they were earned. The dividend period is monthly, beginning the first day of the month and ending the last day of the month. For example, the beginning date of the first dividend period of a calendar year is 1 January and the ending date of such dividend period is 31 January. All other dividend periods follow this same pattern of dates. Fees and charges that may be assessed are disclosed on Navy Federal's current *Schedule of Fees and Charges*.

CURRENT RATES AND PENALTIES: The dividend rate and the annual percentage yield for the Jumbo IRA MMSA may be obtained by calling Navy Federal toll-free in the U.S. 1-888-842-6328 or online at navyfederal.org. For toll-free numbers when overseas, visit navyfederal.org/overseas/. Use 1-703-255-8837 for collect international calls. There are no Navy Federal penalties for early withdrawals; however, the IRS imposes penalties for nonqualified withdrawals prior to the age of 59½ for Traditional IRAs, and for nonqualified withdrawal purposes for Roth IRAs.

CHANGE IN TERMS: Navy Federal reserves the right to terminate this agreement. The terms of this account may change upon 30 days notice. The right or authority of Navy Federal under this agreement shall not be changed or terminated by you except by written notice to said credit union which shall not affect transactions previously made.

INSURANCE: Separate from your other savings accounts, IRA Savings Accounts, IRA MMSA's and Jumbo IRA MMSA's combined with IRA Certificates are insured up to at least \$250,000 by the National Credit Union Administration (NCUA), a U.S. government agency. For more information about NCUA share insurance, please see "Insurance on Your Savings" brochure (NFCU 1116e).

GOVERNING LAWS: Your Navy Federal accounts are maintained and governed in accordance with Federal law and the laws of the Commonwealth of Virginia, as amended.

NOTE: Please refer to NFCU 602 (for Traditional IRA) or NFCU 602A (for Roth IRA) for more detailed information. This account is subject to all terms and provisions defined in NFCU 602 or 602A, Navy Federal IRA Simplifier, Disclosure Statement and Individual Retirement Trust Account. Unless otherwise noted, beneficiary designation(s) currently on file will remain in effect.

IRA/ESA DISCLOSURE STATEMENT

DIVIDENDS: The IRA certificate has a minimum balance requirement and will earn dividends for the monthly dividend periods at the dividend rate and annual percentage yield specified. Rates of non-Variable Rate Certificates do not change before maturity. Rates for 3-year Variable Rate Certificates, remain in effect for one year and then the dividend rate will change on the certificate's anniversary dates (at 12 months and 24 months) to the most recent yield (every Monday) of the 1-year Constant Maturity Treasury (CMT), except that the dividend rate will never fall more than one-half percentage point below the certificate's dividend rate at the time that it was purchased or renewed (there is no upper limitation on the dividend rate changes). Dividends are computed from day-of deposit to day-of-withdrawal on the actual dollar value of the daily balance and credited to the IRA certificate monthly on the last calendar day of the month in which they are earned, unless another dividend distribution option has been chosen. The APY assumes dividends remain in the account until maturity. Early withdrawals reduce earnings.

PENALTIES FOR EARLY WITHDRAWAL: (a) If the term to maturity is one year (or less) the amount forfeited is equal to the lesser of: (1) All dividends for 90 days on the amount withdrawn, or (2) All dividends on the amount withdrawn since the date of issuance or renewal. (b) If the term to maturity is greater than one year, the amount forfeited is equal to the lesser of: (1) All dividends for the 180 days on the amount withdrawn, or (2) All dividends on the amount withdrawn since the date of issuance or renewal. (c) If the term to maturity is greater than five years, the amount forfeited is equal to or lesser of: (1) All dividends for 365 days on the amount withdrawn, or (2) All dividends on the amount withdrawn since the date of issuance or renewal. For Jumbo Certificates (only): (d) If the term to maturity is 6 to 11 months, the amount forfeited is equal to the lesser of: (1) All dividends for 90 days on the amount withdrawn, or (2) All dividends on the amount withdrawn since the date of issuance or renewal. (e) If the term to maturity is 12 to 59 months, the amount forfeited is equal to the lesser of: (1) All dividends for 180 days on the amount withdrawn, or (2) All dividends on the amount withdrawn since the date of issuance or renewal. (f) If the term to maturity is 60 to 84 months, the amount forfeited is equal to the lesser of: (1) All dividends for 365 days on the amount withdrawn, or (2) All dividends on the amount withdrawn since the date of issuance or renewal. (g) In the case of early withdrawal of principal on any certificate which

reduces the balance below the minimum requirement, the certificate shall be canceled and the above penalties imposed on the entire principal amount. (h) In accordance with Federal Reserve Regulation D, withdrawals made within the first six (6) days of a new certificate purchase are subject to a seven (7) day early withdrawal dividend penalty. This regulation does not apply to the certificates that have renewed.

PENALTIES EXCEPTIONS: NFCU penalties will not be applied to any of the following: (a) Withdrawals of dividend payments only (b) Withdrawals subsequent to the death of any owner of the IRA or ESA certificate. (c) Withdrawals made as a result of the voluntary or involuntary liquidation of the Credit Union. (d) Withdrawals of mandatory distributions (for Traditional IRAs and SEP only).

INSURANCE: IRA and ESA accounts are included under insurance coverage by the National Credit Union Administration. The coverage for IRA accounts is up to a total of \$250,000 and ESA accounts up to at least \$250,000. For more information about NCUA insurance, please see "Insurance on Your Savings" brochure (NFCU 1116e).

TRANSFERABILITY: Navy Federal certificates are not transferable, not negotiable and may not be pledged as collateral on a loan.

FINAL PAYMENT: All non-cash certificate purchases will be credited subject to final payment.

CHANGE IN TERMS: Navy Federal reserves the right to discontinue or change the terms of IRA or ESA certificate offerings with 30 days prior notice; however, once issued, the terms of a certificate may not be changed without the owner's/grantor's consent.

NOTE: Please refer to NFCU 602 (for Traditional IRA), NFCU 602A (for Roth IRA), or NFCU 602B (for ESA), for more detailed information. This account is subject to all terms and provisions defined in NFCU 602, 602A, or 602B, Navy Federal IRA or ESA Simplifier, Disclosure Statement and Individual Retirement Trust Account. Unless otherwise noted, beneficiary designation(s) currently on file will remain in effect.

IRA TRANSFER OR DIRECT ROLLOVER FORM

Instructions: Use this form to complete an IRA Transfer from another financial institution or a Direct Rollover from an Employer's Plan into an IRA with Navy Federal Credit Union.

- For Traditional IRAs — Complete Sections A or B (but not both), C, D, E (if appropriate), F and G.
- For SEP IRAs — Complete Sections A, C, D, E, F and G.
- For Roth IRAs — Complete Sections A, C, D, F and G.

Please complete **both** sets of this IRA Transfer or Direct Rollover Form, sign it and return it to Navy Federal.

Note: For either an IRA Transfer or a Direct Rollover from an Employer's Plan, you do not receive possession of the money. Just complete and return this form along with your IRA application, and we do all the work for you.

A				COMPLETE THIS SECTION FOR AN IRA TRANSFER			
NAME OF IRA HOLDER/MEMBER (FIRST		MI		LAST		SUFFIX)	
ADDRESS						DAYTIME TELEPHONE NO. ()	
CITY			STATE		ZIP CODE		
SOCIAL SECURITY NO. — —			CURRENT IRA TRUSTEE/CUSTODIAN				
ADDRESS OF CURRENT CUSTODIAN/TRUSTEE							
CITY			STATE		ZIP CODE		
TELEPHONE NO. OF CURRENT IRA TRUSTEE/CUSTODIAN ()			ACCOUNT NO. OF CURRENT IRA TRUSTEE/CUSTODIAN				
PLEASE INDICATE THE CURRENT TYPE OF IRA HELD AT THE RESIGNING CUSTODIAN/TRUSTEE							
<input type="checkbox"/> TRADITIONAL IRA		<input type="checkbox"/> SEP IRA		<input type="checkbox"/> ROTH IRA		<input type="checkbox"/> QUALIFIED (EMPLOYER) RETIREMENT PLAN	

B				COMPLETE THIS SECTION FOR A DIRECT ROLLOVER FROM AN EMPLOYER'S PLAN			
NAME OF PARTICIPANT/MEMBER (FIRST		MI		LAST		SUFFIX)	
ADDRESS						DAYTIME TELEPHONE NO. ()	
CITY			STATE		ZIP CODE		
SOCIAL SECURITY NO. — —			TELEPHONE NO. OF DISTRIBUTING PLAN ()				
NAME OF DISTRIBUTING PLAN			NAME OF EMPLOYER				
ADDRESS							
CITY			STATE		ZIP CODE		
						ACCOUNT NO. OF DISTRIBUTING PLAN	

C		IRA TRANSFER OR DIRECT ROLLOVER INSTRUCTIONS (Complete for either IRA Transfer or Direct Rollover.)	
PLEASE MAKE THE CHECK PAYABLE AS FOLLOWS:			
NAVY FEDERAL CREDIT UNION		, FOR BENEFIT OF _____ IRA.	
NAME OF RECEIVING IRA TRUSTEE		IRA HOLDER/MEMBER	
		NAVY FEDERAL IRA NO. _____	

D					ASSET LIQUIDATION INSTRUCTIONS (Complete for either IRA Transfer or Direct Rollover.)				
TO TRANSFER MY IRA ASSETS OR TO DIRECTLY ROLLOVER MY EMPLOYER PLAN ASSETS INTO AN IRA, PLEASE LIQUIDATE AS FOLLOWS:									
ASSET DESCRIPTION	QUANTITY TO BE TRANSFERRED OR ROLLED	LIQUIDATE IMMEDIATELY	LIQUIDATE AT MATURITY	MATURITY DATE					
_____ \$		<input type="checkbox"/>	<input type="checkbox"/>	_____					
_____ \$		<input type="checkbox"/>	<input type="checkbox"/>	_____					
_____ \$		<input type="checkbox"/>	<input type="checkbox"/>	_____					
_____ \$		<input type="checkbox"/>	<input type="checkbox"/>	_____					
THIS IRA TRANSFER <input type="checkbox"/> WILL <input type="checkbox"/> WILL NOT CLOSE THE IRA.									



E**REQUIRED MINIMUM DISTRIBUTION RESTRICTION (FOR TRADITIONAL AND SEP IRA HOLDERS ONLY)**

IF THIS IS A TRADITIONAL OR SEP IRA TRANSFER, I AUTHORIZE THE CURRENT IRA TRUSTEE OR CUSTODIAN NAMED IN SECTION A TO:

- DISTRIBUTE MY REQUIRED MINIMUM DISTRIBUTION TO ME PRIOR TO TRANSFERRING MY TRADITIONAL OR SEP IRA ASSETS,
- SEGREGATE AND RETAIN MY REQUIRED MINIMUM DISTRIBUTION AMOUNT
- TRANSFER BALANCE INCLUDING REQUIRED MINIMUM DISTRIBUTION

FAIR MARKET VALUE OF TRANSFERRING IRA ON DECEMBER 31 OF PRIOR YEAR

\$ _____

*(only applicable if including required minimum distribution in IRA transfer)***F****SIGNATURE FOR IRA TRANSFER OR DIRECT ROLLOVER OF EMPLOYER'S PLAN**

BY SIGNING THIS SECTION I CERTIFY:

- I UNDERSTAND THE RULES AND CONDITIONS APPLICABLE TO (CHECK APPLICABLE TRANSACTION)
 IRA TRANSFER DIRECT ROLLOVER.
- I QUALIFY FOR THE (CHECK ONE) IRA TRANSFER DIRECT ROLLOVER OF THE FUNDS LISTED IN THE "ASSET LIQUIDATION" SECTION OF THIS FORM AND AUTHORIZE SUCH TRANSACTION.
- THIS IRA TRANSFER DIRECT ROLLOVER SHOULD SHOULD NOT BE PLACED IN A CONDUIT IRA.
- IF THIS IS A DIRECT ROLLOVER, I HAVE BEEN ADVISED TO SEE A TAX ADVISOR DUE TO THE IMPORTANT TAX CONSEQUENCES OF ROLLING FUNDS INTO A TRADITIONAL IRA.
- IF THIS IS A DIRECT ROLLOVER, I ASSUME FULL RESPONSIBILITY FOR THIS DIRECT ROLLOVER TRANSACTION AND WILL NOT HOLD THE PLAN ADMINISTRATOR, TRUSTEE, CUSTODIAN OR ISSUER OF EITHER THE DISTRIBUTING OR RECEIVING PLAN LIABLE FOR ANY ADVERSE CONSEQUENCES THAT MAY RESULT.
- IF THIS IS A DIRECT ROLLOVER, I IRREVOCABLY DESIGNATE THIS CONTRIBUTION OF FUNDS OR PROPERTY WITH A VALUE OF \$ _____ (PLEASE WRITE IN THE AMOUNT) AS A ROLLOVER CONTRIBUTION.

SIGNATURE OF IRA HOLDER/MEMBER

NFCU ACCESS NO.

DATE (MO., DAY, YR.)

DAYTIME TELEPHONE NO.

— — ()

G**NFCU PRODUCTS**

IRA TYPE: (CHECK ONLY ONE)

- TRADITIONAL IRA ROTH CONDUIT IRA
- SEP IRA CORPORATE ROLLOVER IRA
- ROTH IRA

AMOUNT

\$

PLEASE OPEN A:

- IRA Savings Account \$500 Variable Rate Cert. (3 yr.) \$2,500 IRA Cert. (13, 26 wk.)
- IRA MMSA \$1,000 IRA Cert. (1, 2, 3, 4, 5 or 7 yr.) \$10,000 IRA Cert. (13, 26 wk.)
- Jumbo IRA MMSA \$20,000 IRA Cert. (1, 2, 3, 4, 5 or 7 yr.) \$100,000 Jumbo IRA Cert. (6 to 84 months) Term _____
- \$100 IRA EasyStart (1 yr.) \$100,000 IRA Cert. (13, 26, 39 wk.) _____

H**LETTER OF ACCEPTANCE RECEIVING IRA TRUSTEE OR CUSTODIAN**NAVY FEDERAL AGREES TO ACCEPT THE FUNDS LISTED ABOVE THAT ARE BEING (CHECK ONE) TRANSFERRED DIRECTLY ROLLED INTO A TRADITIONAL IRA SEP IRA ROTH IRA

ON BEHALF OF THE ABOVE-NAMED INDIVIDUAL, AND WE AGREE TO SERVE AS CUSTODIAN OF THOSE ASSETS.

NAME OF ACCEPTING ORGANIZATION

NAVY FEDERAL CREDIT UNION

ADDRESS

PO BOX 3000

CITY

MERRIFIELD

STATE

VA

ZIP CODE

22119-3000

NFCU IRA NO.

AUTHORIZED SIGNATURE OF NFCU REPRESENTATIVE

DATE (MO., DAY, YR.)

— —

PRINT NAME OF NFCU REPRESENTATIVE