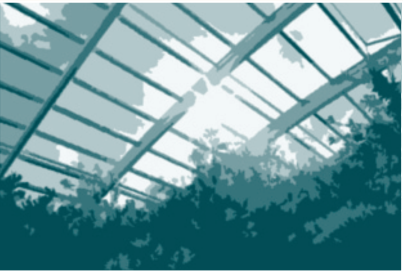
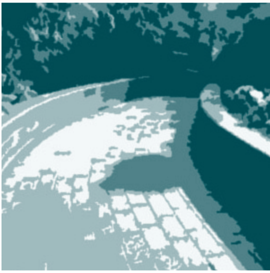
Traditional IRA
Roth IRA
Catch-Up Contributions
Roth IRA Conversions
Share Insurance Coverage

INDIVIDUAL RETIREMENT ACCOUNTS





RETIREMENT SAVINGS DEPOSIT ACCOUNTS INSURED TO $250,000!

An Individual Retirement Account (IRA) is an excellent tool for retirement savings. Unlike most investments, depending on the type of IRA you choose, contributions may be tax deductible and will grow either tax-deferred or tax-free. In addition there are general rules that are prescribed for IRAs and are grouped under three broad categories that include eligibility, contributions and withdrawals.

TRADITIONAL IRA

Eligibility—Basically there are two rules that apply for eligibility. First, the owner must be under the age of 70 ½ and second, must have some form of compensation to contribute.

Contributions—The annual contribution limit is $5,000 for 2010. This contribution limit can be adjusted annually for inflation in $500 increments. Contributions are tax deductible if you are not an active participant in an employer retirement plan. Deductibility may be limited if you or your spouse are an active participant in an employer retirement plan *(see the accompanying chart for details).* Contributions and interest earned grow on a tax-deferred basis.

Withdrawals—An owner must be age 59 ½ before making a withdrawal from a traditional IRA without incurring an additional 10% tax penalty. There are several exceptions that allow an owner to avoid the tax penalty for early withdrawals such as, qualified higher education expenses, certain qualified first-time homebuyer amounts, significant unreimbursed medical expenses among other exceptions (check with a financial advisor for all the details on early withdrawals). Earnings are taxed only upon withdrawal or distribution. Distributions must begin at age 70 ½. *(see Minimum Required Distribution)*

ROTH IRA

Eligibility—An owner must have earned income to establish and contribute to a Roth IRA. There is no age limit or restriction.

Contributions—The maximum contribution rules are the same as for a traditional IRA even after age 70 ½. Contributions to Roth IRAs are not tax deductible.

Withdrawals—Qualified distributions can be made after a five year taxable period is reached and the owner must be 59 ½ years of age. Early withdrawals are allowed if the owner becomes disabled or for first time homebuyers (check with a financial advisor for all the details on early withdrawals). There is no minimum required distribution for Roth IRAs.

CATCH-UP CONTRIBUTIONS

Owners who have reached age 50 by the end of the year are eligible to make an additional catch-up contribution of $1,000. This contribution applies to both the traditional IRA or a Roth IRA.

MINIMUM REQUIRED DISTRIBUTION RULE

Traditional IRAs are subject to a minimum required distribution rule when the owner reaches age 70 ½. The minimum required distribution amount is determined by using a life expectancy table and the account balance. Calculate the annual estimated dollar distribution amount needed to bring the account to zero when the owner reaches the life expectancy age.

CONTRIBUTION DEADLINES

Traditional IRAs and Roth IRAs accounts must be opened and/or funded by the April 15th tax filing deadline to receive a tax deduction on the previous year's earnings. A filing extension does not allow any extra time.

ROTH IRA CONVERSIONS

The rules that apply to the conversion of a traditional IRA to a Roth IRA have a significant change that went into effect for the year 2010 only. Historically for a conversion to be accepted, certain eligibility requirements must be satisfied.

Eligibility—An owner must have satisfied the modified adjusted gross income limitations. Owners with modified adjusted gross incomes of $100,000 and above are not eligible to make a conversion. For 2010 only, this conversion requirement has been eliminated, so regardless of the amount of an owner's modified adjusted gross income a conversion from a traditional IRA to a Roth IRA is allowed.

Contributions—Roth IRA conversions allow an owner to pay ordinary income tax now on the traditional IRA retirement assets that are converted in order to obtain the tax-free growth of Roth IRAs. The amount converted is subject to ordinary income tax in the year of conversion but does not incur a 10% early distribution penalty. Historically, taxpayers with a modified adjusted gross income of $100,000 and above were ineligible for Roth IRA conversions. Starting in 2010, the modified adjusted gross income limitation is eliminated. Also for 2010 only, the income tax owed can be paid in two equal installments in 2011 and 2012 or the owner may pay the entire amount in 2010.

Check with financial and/or tax advisors before converting a traditional IRA to a Roth IRA.

COMPOUND INTEREST GROWTH

IRA accounts grow by using compound interest over an extended period of time, meaning that accumulated interest is added to the principal each time in calculating earnings. Over the course of 20 or more years, these accumulations can be substantial. As added incentive, IRA accounts also enjoy either tax-free or tax-deferred status (see Traditional vs. Roth for details). You can learn more about how compound interest can make your retirement savings grow by taking advantage of the many online retirement calculators now available.

FEDERAL SHARE INSURANCE COVERAGE

The National Credit Union Administration (NCUA) insures certain retirement account deposits at NCUA member credit unions. These retirement accounts include IRA accounts, Keogh plan accounts, 457 plan accounts and certain other self-directed accounts. The NCUA adds together all retirement accounts owned by the same person at the same insured credit union and insures the total up to $250,000. Look for the NCUA sign where deposits are received.

Your savings federally insured to at least $250,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency

TRADITIONAL AND ROTH IRAS AT-A-GLANCE

<table>
<tr><th></th><th>TRADITIONAL IRA</th><th>ROTH IRA</th></tr>
<tr><td>ELIGIBILITY</td><td>Must have earned income and not have reached age 70 ½ by the end of the year.</td><td>Must have earned income. There are no age restrictions.</td></tr>
<tr><td>MAXIMUM CONTRIBUTIONS</td><td>Taxable years beginning 2010 and after $5,000*</td><td>Taxable years beginning in 2010 and after $5,000*</td></tr>
<tr><td>CATCH-UP</td><td>2010 and after $1,000*</td><td>2010 and after $1,000*</td></tr>
<tr><td>TAX STATUS OF EARNINGS</td><td>Tax-deferred until withdrawal</td><td>Earnings grow tax-free.</td></tr>
<tr><td>CONTRIBUTION RESTRICTIONS BASED ON ADJUSTED GROSS INCOME (AGI)</td><td>
2010 AGI DEDUCTION LIMITS
<table>
<tr><th></th><th colspan="2">(If covered by a retirement plan at work)</th><th colspan="2">(if not covered by a retirement plan at work)</th></tr>
<tr><th>FILING STATUS</th><th>FULL DEDUCTION</th><th>PHASE-OUT</th><th>FULL DEDUCTION</th><th>PHASE-OUT</th></tr>
<tr><td>Single, head of household</td><td>$56,000 or less</td><td>$56,000–$66,000</td><td>No limit</td><td>No limit</td></tr>
<tr><td>Married filing jointly (spouse not covered)</td><td>$89,000 or less</td><td>$89,000–$109,000</td><td>No limit</td><td>No limit</td></tr>
<tr><td>Married filing jointly (spouse covered)</td><td></td><td></td><td>$167,000 or less</td><td>$167,000–$177,000</td></tr>
<tr><td>Married filing separately</td><td></td><td>less than $10,000</td><td></td><td>less than $10,000</td></tr>
</table>
</td><td>For the 2010 tax year $105,000–$120,000 for singles, and $167,000–$177,000 for married couples filing jointly.

NOTE: Conversion rules have been relaxed for 2010 only. See section “Roth IRA Conversions” for details.</td></tr>
<tr><td>TAX DEDUCTION</td><td>Contributions up to the limit are fully tax deductible if you are not an active participant in a retirement plan. Otherwise phaseout rules apply.</td><td>No.</td></tr>
<tr><td>PENALTIES FOR EARLY WITHDRAWAL</td><td>None if:
• Over 59 ½
• Death or disability
• Qualified medical expenses
• Certain health insurance
• Qualified college expenses
• First time home buyer (up to $10,000)
• Due to IRS levy
• Periodic payments</td><td>None if made after five years of establishing your IRA plan and:
• Over 59 ½
• Death or disability
• Qualified medical expenses
• Certain health insurance
• Qualified college expenses
• 1st time home purchase (up to $10,000)
• Due to IRS levy
• Periodic payments</td></tr>
<tr><td>REQUIRED DISTRIBUTIONS</td><td>Must begin by April following year participant turns 70 ½.</td><td>Upon the death of the owner.</td></tr>
</table>

**May be adjusted annually for inflation in $500 increments and is limited by earned income.*

ADDITIONAL RESOURCES

- **Department of Treasury, Internal Revenue Service**
  www.irs.gov
- **National Credit Union Administration**
  www.ncua.gov

Contact your credit union today to learn more about today's IRA!

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