NAVY FEDERAL Credit Union

Individual retirement arrangement

1-888-842-6328
For toll-free numbers when overseas, visit navyfederal.org.

Collect internationally
1-703-255-8837

TDD for the hearing impaired 1-888-869-5863
Online at navyfederal.org

Or visit a branch

Although 401(k) plans, company pension plans and Social Security benefits are good places to start, a Navy Federal Individual Retirement Arrangement (IRA) can help boost your retirement savings while providing additional earnings and tax benefits.

Traditional and Roth IRAs

Both Traditional and Roth IRAs are terrific retirement savings plans that offer unique tax benefits. Traditional IRAs are tax-deferred, which means you don't pay taxes on your contributions until you withdraw the funds. The reverse is true with Roth IRAs—you pay taxes now, so you can withdraw the funds tax-free when you retire.

General rules and regulations for Traditional and Roth IRAs

Keep the following guidelines in mind when deciding which type of IRA would be best for you:

- You can have both a Traditional and a Roth IRA. You can split your annual contributions between your IRAs, but the contributions in total can't exceed the annual contribution limit.
- You can only contribute earned income to an IRA.
- Earned income includes wages, salaries, tips, self-employment income and other amounts that appear in Box 1 on your W-2.
- Earned income doesn't include earnings and profits from property rental, interest, pension, or annuity payments and any other amounts that are excluded from income.
- You may make contributions for the prior year up to the tax filing date, not including extensions.
- You may make a maximum annual contribution of up to 100% of your earned income or the amount listed in the chart at the bottom of this page, whichever is less.
- For Traditional IRAs, you may begin taking qualified distributions at age 59½, and for Roth IRAs, you must also meet the 5-year rule.
- IRA accounts are individually owned and aren't eligible for joint ownership. However, you may designate (a) beneficiary(ies).
- If your spouse is unemployed, married couples who file a joint federal tax return may contribute to a spousal IRA.
- Your first Required Minimum Distribution (RMD) for SEP IRAs can be delayed until April 1st of the year after turning age 73.† There are no RMDs for Roth IRAs.
- You can make contributions (during RMD status), as long as you continue to have earned income.

Simplified Employee Pension (SEP) IRAs

If you're self-employed (or work for a participating employer), a SEP plan may be the ideal way to save for your retirement.

- It can be funded by both employer and employee.
- You may make a maximum annual contribution for 2026 of 25% of compensation or up to $72,000, whichever is less.
- You must take RMDs from your SEP plan at age 73 or older.†
- You can make contributions (during RMD status), as long as you continue to have earned income.

†If you choose to delay your first withdrawal until April 1st, you will have to withdraw two RMDs the first year after turning 73.

Roth and Traditional IRAs—individual and spouse* maximum contributions

Years	Less than age 50	Age 50 or over
2025	$7,000	$8,000
2026	$7,500	$8,600
2027 and beyond	Index for inflation	Index for inflation

*Contributions shown are individual. If married, you and your spouse can both contribute for a maximum of $15,000 if under 50 or $17,200 if 50 or over.

Traditional, Roth and SEP IRA comparison chart

Feature	Traditional IRA	Roth IRA	SEP IRA
Adjusted Gross Income Eligibility	Almost everyone with earned income may participate	Individuals earning 2025—$165,000 or less 2026—$168,000 or less Married couples earning 2025—$246,000 or less 2026—$252,000 or less	Almost everyone who has self-employed earned income. An employer who has elected to establish a SEP as the pension plan for an employee who is a Navy Federal member.
Maximum Annual Contribution (Funds may be split between Traditional and Roth)	Tiered by age Varies by year *See chart on page 1*	Tiered by age Varies by year *See chart on page 1*	2025—$70,000 or 25% of self-employment income, whichever is less 2026—$72,000 or 25% of self-employment income, whichever is less 2027 and beyond—Index for inflation
Maximum Age to Make Contributions	None Must have earned income	None Must have earned income	None Must have earned income
Non-Wage Earning Spousal Contributions	Same as wage earner	Same as wage earner	Same as wage earner
Tax Deductibility of Contributions *See chart on page 3*	Up to 100%, depending on Modified Adjusted Gross Income and participation in an employer-sponsored pension plan, such as a 401(k)	Can't deduct contribution	May be tax-deductible, based on specific eligibility rules
Tax Treatment of Dividend Earnings	Grow tax-deferred until withdrawn	Grow tax-free	Grow tax-deferred until withdrawn
Taxes Upon Withdrawal	All non-deductible contributions are received tax-free. All earnings and deductible contributions are taxed at ordinary income tax rate.	None, unless early distribution	All non-deductible contributions are received tax-free. All earnings and deductible contributions are taxed at ordinary income tax rate when withdrawn.
Withdrawal Restrictions	Most withdrawals before age 59½ result in IRS penalties. Some exceptions are made for: • unreimbursed medical expenses • disability or death • first-time home purchases ($10,000 lifetime limit) • IRS levy • qualified reservists • college expenses	IRS penalty-free withdrawal after age 59½, as long as the money has been in the account for 5 years. Penalty-free and tax-free withdrawals prior to age 59½ if the funds are used for: • disability • death • first-time home purchases ($10,000 lifetime limit)	Most withdrawals before age 59½ result in IRS penalties. Some exceptions are made for: • unreimbursed medical expenses • medical insurance premiums while unemployed • disability or death • first-time home purchases ($10,000 lifetime limit) • qualified reservists • college expenses
Age at Which Withdrawals Must Begin	73†	None	73†

†If you choose to delay your first withdrawal until April 1st, you will have to withdraw two RMDs the first year after turning 73.

Traditional and SEP IRA deductibility chart

Participate in an employer-sponsored pension plan?*	Marital status: single	Marital status: married filing jointly	Deductibility
Yes	Modified Adjusted Gross Income is $81,000 or less	Combined Modified Adjusted Gross Income is $129,000 or less	Your contributions are 100% tax-deductible
Yes	Modified Adjusted Gross Income is more than $81,000 but less than $91,000	Combined Modified Adjusted Gross Income is more than $129,000 but less than $149,000	A portion of your contribution is deductible, based on your Modified Adjusted Gross Income
Yes	Modified Adjusted Gross Income is $91,000 or more	Combined Modified Adjusted Gross Income is $149,000 or more	You can't take an IRA tax deduction
No	Modified Adjusted Gross Income is not applicable	Modified Adjusted Gross Income is not applicable	Your contribution is 100% tax-deductible

*You "participate" in an employer-sponsored pension plan if you're on the current (as opposed to retired) payroll and are accruing benefits under the employer's "qualified" pension plan, such as a 401(k) or Thrift Savings Plan (TSP). This is true regardless of whether you're vested or make contributions to the plan.

Note: One spouse's active participation in an employer-sponsored pension plan doesn't affect the other spouse's status for contribution deductibility.

Roth IRA contribution eligibility

Marital status	Modified adjusted gross income**	Contribution eligibility
Single	Less than $153,000	Maximum contribution limit or 100% of earned income, whichever is less.
Single	At least $153,000 but less than $168,000	A portion of the maximum contribution or 100% of earned income, whichever is less.
Single	$168,000 or more	You can't contribute to a Roth IRA. (You're eligible to contribute to a Traditional IRA.)
Married filing jointly	Less than $242,000 combined	Maximum contribution limit or 100% of earned income, whichever is less.
Married filing jointly	At least $242,000 but less than $252,000	A portion of the maximum contribution or 100% of earned income, whichever is less.
Married filing jointly	$252,000 or more combined	You can't contribute to a Roth IRA. (You're eligible to contribute to a Traditional IRA.)

**Modified Adjusted Gross Income is determined on your tax return using your Adjusted Gross Income, disregarding any deductible IRA contribution.

NAVY FEDERAL Credit Union

Individual retirement arrangement

Moving your IRA funds

Moving retirement funds from another financial institution to a Navy Federal IRA is simple and may be accomplished by one of the following:

Direct transfer

Generally, a direct transfer is the easiest way to move assets from one IRA to another between 2 separate financial institutions. The transaction is neither taxable nor reportable and is completed by the distributing and receiving financial organizations.

To initiate the direct transfer, ask the receiving financial institution (where the funds will be transferred) to generate and forward the required forms to the financial institution that currently holds your IRA funds. Upon receipt of your completed forms, the existing institution will send the requested funds to the receiving institution. This process takes approximately 2 to 4 weeks.

Direct rollover

Consider a direct rollover if you leave a job where you participated in an employer pension or profit-sharing program, like a 401(k) or Thrift Savings Plan (TSP), and want to move your funds into an IRA.

To do this, speak to your company's plan administrator, who can help you complete the necessary forms. Once completed, the administrator will distribute the assets to your IRA. This transaction is reportable as a distribution from the existing institution, and it will be reported as a rollover by the receiving institution. Your plan administrator will be able to provide you with an estimated time frame for this process.

Rollover

A rollover (also known as an indirect rollover) is a tax-free distribution of all or part of your IRA assets. Since you take possession of the IRA assets, the movement is reportable to the IRS.

You may move your funds from one retirement plan to another or from one financial institution to another. However, you can only rollover one distribution in a 12-month period. The rollover must be completed within 60 calendar days of the date you receive the distribution. Additionally, you're responsible for ensuring that the funds get from one IRA to another.

Conversion

A conversion allows you to move funds from a Traditional or SEP IRA into a Roth IRA. Conversions follow the same rules as rollovers, except assets can be converted more than once a year.

You're required to report the previously deducted contributions and dividends that you're converting as income since they haven't been taxed.

In addition, if you withdraw any of the converted assets within the first 5 years following your conversion, you'll pay a 10% penalty on that amount, regardless of age. Conversions are reported as a distribution from the Traditional IRA and as a conversion to the Roth IRA.

Recharacterization

A recharacterization allows you to "recharacterize" a current year Roth IRA contribution to a Traditional IRA. If you contributed to a Traditional IRA and then discovered that the contribution was non-deductible, you may be eligible to recharacterize that contribution to a Roth IRA. This must be done before the tax-filing deadline, plus extensions.

Effective 1/1/2018, previously converted Traditional IRA funds and employer plan rollovers are no longer eligible for recharacterizations.

NAVY FEDERAL Credit Union

Individual retirement arrangement

Contributions

You may make contributions to your Navy Federal IRAs at any time if you have earned income. All funds will be credited for the current tax year, unless otherwise specified. Contributions that exceed the maximum annual limit may be subject to a 6% IRS excess contribution penalty and applicable income tax and interest. You may avoid the IRS penalty if the excess is removed prior to your tax filing date. To make a contribution, call 1-888-842-6328 or visit your local branch. Please see the table on page 6 for product options.

Withdrawing your IRA funds

You may begin taking normal distributions from your Traditional IRA at age 59½, and from the Roth IRA, you must also meet the 5-year rule. IRA distributions are subject to a required minimum 10% federal tax withholding, unless otherwise specified. IRA distributions before age 59½ are subject to federal income taxes and possible IRS penalties.

Insurance on your IRAs

Your IRAs are federally insured by the National Credit Union Administration (NCUA) for up to $250,000 for combined balances in your Navy Federal Traditional, SEP and Roth IRA plans. This coverage is separate from your other Navy Federal accounts.

Beneficiary information

When opening your IRA, be sure to establish your beneficiary(ies). You may establish your beneficiary(ies) by signing in to digital banking or completing a Navy Federal Change of Beneficiary Form 584.

IRS information

The Internal Revenue Service (IRS) publishes 2 brochures you may find helpful.

- Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*
- Publication 590-B, *Distributions From Individual Retirement Arrangements (IRAs)*

You can order these brochures by calling 1-800-829-3676 or by visiting **irs.gov**.

Additional information

For additional information or to open a Navy Federal IRA, go to **navyfederal.org**, call 1-888-842-6328 or visit your local branch.

Product	Minimum	Dividend rate	Term	Additional deposits*	Dividend payments
IRA Savings Account	None	Fixed rate, no matter what the account balance is.	None	Any amount, anytime	Compounded monthly, credited monthly
IRA Money Market Savings Account	None	Tiered rate structure. Rates may change weekly. Higher rates are earned on higher balances: $0–$9,999** $10,000–$24,999 $25,000–$49,999 $50,000 and over **No dividends are earned/accrued on days when the account balance falls below $2,500.	None	Any amount, anytime	Compounded monthly, credited monthly
Jumbo IRA Money Market Savings Account	None	Tiered rate structure. Rates may change weekly. Higher rates are earned on higher balances: $0–$99,999 $100,000–$249,000 $250,000–$499,000 $500,000–$999,000 $1,000,000 and over** **Must maintain a daily balance of $100,000 to earn the Jumbo IRA Money Market Savings Account dividend; otherwise, earn the current IRA share dividend rate.	None	Any amount, anytime	Compounded monthly, credited monthly
IRA EasyStart℠	$50	Rates set by the Board of Directors.	12-24 months	Additional deposits may be made at any time	Compounded daily, credited monthly
IRA Certificates	$1,000 $20,000 $100,000	Generally, higher rates are paid for certificates with longer maturities. Rates set by the Board of Directors.	3 months 12 months 18 months 24 months	At renewal	Compounded daily, credited monthly
IRA Certificates	$1,000 $20,000 $100,000	Generally, higher rates are paid for certificates with longer maturities. Rates set by the Board of Directors.	3 years 5 years 7 years	At renewal	Compounded daily, credited monthly

***Contribution limits apply. See chart on page 1 for maximum annual contribution amounts.**

Navy Federal Credit Union is federally insured by NCUA. © 2025 Navy Federal NFCU 1117ep (12-25)