

**HEALTHCARE EMPLOYEES  
FEDERAL CREDIT UNION**

**TRADITIONAL INDIVIDUAL RETIREMENT  
ACCOUNTS (IRA)**

**RATES & DISCLOSURES**

**These disclosures apply to all IRA accounts at the credit union.**

**Membership Requirement**

In order to maintain an IRA Account at HEFCU, you must comply with our general membership requirements, including maintaining a regular share account with a minimum balance of \$10.00.

**Balance Computation Method**

Dividends on your IRA account are calculated on the Average Daily Balance method.

Daily means that a daily periodic rate is applied to the principal in the account each day.

The Average Daily Balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

**Compounding and Crediting**

Dividends will be compounded quarterly and will be credited to your IRA account quarterly. If you close your IRA account before dividends are credited, you will be subject to a penalty imposed by HEFCU (refer to HEFCU Penalty section).

**Annual Fees**

An annual fee of \$15.00 will be assessed on your IRA account. This fee will be waived for Silver and Gold relationships (refer to HEFCU Rewards Schedule).

**Additional Fees**

A fee of \$35 will be assessed on an IRA account that is closed, or transferred (in part or in full) to another institution.

**Insurance**

IRA accounts in this Credit Union are federally insured by the National Credit Union Share Insurance Fund to a maximum of \$250,000.

**Tax Consequence and IRS Penalties**

Consult your professional tax advisor on taxation of distributions, additional penalties and deductibility of contributions.

**Date Dividends Accrue**

Dividends will begin to accrue on the business day a non-cash deposit is made into the IRA account.

**TRADITIONAL IRA CERTIFICATE OF DEPOSIT (CD)  
RATES & DISCLOSURE**

The Annual Percentage Yield (APY) and the Dividend Rate (Rate) for this IRA account are shown in the table below. The Annual Percentage Yield and Dividend Rate are subject to change without advance notice.

**RATES - IRA CD**

TERM	AMOUNT OF CD	RATE
6 Months	\$1,000 +	<i>CD rates to change weekly. Please contact our office for the most current rate.</i>
12 Months	\$1,000 +	
24 Months	\$1,000 +	
36 Months	\$1,000 +	

The above minimum balances must be maintained to obtain the corresponding APY.

**DISCLOSURE - IRA CD**

**Minimum Balance to Open IRA CD**

The minimum balance to open an IRA CD is \$1,000.

**Minimum Balance to earn Dividends**

The minimum balance to earn dividends on an IRA CD is \$1,000.

**Limitations**

Once an IRA CD is established, you may not make any additional deposits into this CD until the maturity date of this CD.

**HEFCU Penalty on IRA CD**

If you close your IRA CD account before maturity, we may impose an early withdrawal penalty equal to the unearned interest through maturity.

**Renewal**

You will be notified at least 10 days prior to the maturity date of your IRA CD. **If you do not respond to this notification, your IRA CD will be automatically renewed.**

**TRADITIONAL IRA SAVINGS ACCOUNT  
RATES & DISCLOSURE**

The Annual Percentage Yield (APY) and the Dividend Rate (Rate) for this IRA account are shown in the table below. The Annual Percentage Yield and Dividend Rate may change every quarter as determined by the Credit Union Board of Directors.

**RATES – IRA SAVINGS**

AVERAGE DAILY BALANCE	RATE	APY
\$100.01 to \$500.00	0.55%	0.55%
\$500.01 to \$5,000.00	0.85%	0.85%
\$5,000.01 to \$20,000.00	1.05%	1.05%
\$20,000.01 to \$40,000.00	1.25%	1.26%
\$40,000.01 to \$99,999.99	1.55%	1.56%
\$100,000 +	2.25%	2.27%

The above minimum balances must be maintained to obtain the corresponding APY.

**DISCLOSURE - IRA SAVINGS**

**Minimum Amount to Open IRA Savings Account**

The minimum amount to open this IRA account is \$500.

**Nature of Dividends**

Dividends on the IRA Savings account are paid from current income and available earnings, after required transfers to reserves at the end of a dividend period.

**HEFCU Penalty on IRA Savings Account**

If you close your IRA Savings account before dividends are credited, you will not receive accrued dividends.

## Q&A

### INDIVIDUAL RETIREMENT ACCOUNTS (IRA)

Q. What is a traditional IRA?

A. A traditional IRA is a type of retirement plan that has been in existence since 1975. Traditional IRAs offer tax-deferred earnings and the possibility for tax-deductible contributions. These tax advantages make the traditional IRA a powerful tool in creating a balanced, long-term savings plan.

Q. How does a traditional IRA work?

A. You can contribute to a traditional IRA if you earn compensation and you will not reach age 70 1/2 by the end of the year. If you file a joint tax return, you can treat your spouse's compensation as your own (except your combined contributions cannot exceed your combined compensation or contribution limit, whichever is less). All earnings in a traditional IRA are not taxed until they are withdrawn. The ability to defer taxes on the earnings, and to withdraw in a year when you may be in a lower tax bracket, can mean more after-tax dollars for your retirement.

Q. How much can I contribute to a traditional IRA?

A. If you meet the eligibility tests described above these are the contribution limits:

ANNUAL CONTRIBUTION LIMIT		
YEAR	AGE UNDER 50	AGE 50 AND MORE
2004	\$3,000	\$3,500
2005	\$4,000	\$4,500
2006-2007	\$4,000	\$5,000
2008	\$5,000	\$6,000

Q. Can I still contribute to a traditional IRA if I participate in an employer-sponsored retirement plan?

A. Yes, your participation in an employer-sponsored retirement plan will not affect your ability to contribute to a traditional IRA (assuming age and compensation requirements are met). However, higher-income earners will lose their ability to deduct their traditional IRA contributions if participating in an employer-sponsored plan.

Q. If I already have a Roth IRA, can I have a traditional IRA, too?

A. Yes, you can. However, the limits on annual contributions described on above apply to any combination of traditional and Roth IRA contributions that you make for the year.

Q. When must I begin taking distributions from my traditional IRA?

A. You must begin taking required minimum distributions from your traditional IRA at age 70 1/2. The minimum distributions each year will be computed using an IRS formula. You are allowed to delay the first year's payment until April 1 of the following year, but you will receive two years' worth of payments in your 71 1/2 year if you choose to delay.

Q. Can I move funds from a qualified retirement plan to a traditional IRA?

A. If you are entitled to receive an eligible rollover distribution from an employer's plan, you can continue deferring taxes by moving the money into a traditional IRA. The best way to do this is to inform the plan administrator that you want the funds moved directly to your traditional IRA in a direct rollover. The plan administrator will inform you before making an eligible rollover distribution.

Q. What happens to my traditional IRA after my death?

A. You may designate one or more beneficiaries to receive your IRA after your death. If your spouse is your beneficiary, he or she may directly transfer your traditional IRA to his or her own IRA tax-free account. In addition, all beneficiaries have the option of taking a lump-sum payment or periodic payments over a number of years. Any tax-deferred money in your traditional IRA at the time of death will be taxed when it is distributed to your beneficiaries.

Q. How do I open a HEFCU IRA account?

A. HEFCU offers a traditional IRA Certificate of Deposit (CD) Account and a traditional IRA Savings Account. To open an IRA account, complete the IRA application and return it to the credit union along with: (a) your check OR (b) a direct Rollover check in your name from the appropriate institution OR (c) designate your HEFCU source of funds.

**Note: This information is not intended as tax advice.  
Contact a tax professional.**



## DISCLOSURE OF ACCOUNT TERMS FOR

TRADITIONAL IRA SAVINGS

AND

TRADITIONAL IRA  
CERTIFICATES OF DEPOSIT

Location and Mailing Address:  
29 Emmons Drive, Suite C-40  
Princeton, NJ 08540

**Toll Free Phone: (800) 624-3312**  
**Phone: (609) 951-0700**  
**Fax Number: (609) 275-4194**  
**www.hefcu.com**

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records***