

Get Ready, Get Set, Get Roth

NEA Member Benefits – March 2007

One of the keys to smart retirement investing is diversification. If you have a traditional IRA account, you've probably chosen several different mutual funds to help spread the risk and to get exposure to different sectors of the financial markets. That's smart. Now there's an additional way you can diversify your retirement savings. Invest in a Roth IRA.

A traditional IRA is tax-deferred, meaning you are not taxed on your contributions, lowering your income tax. Your contributions and earnings grow tax-free until you withdraw your savings at retirement.¹ You must start taking minimum distributions at age 70½.

The Roth IRA works differently. You pay income tax on your Roth IRA contributions up front, but any earnings grow tax-free.² You can withdraw your contributions anytime and pay no taxes or penalties.³ There are no minimum required distributions, so you can let your Roth IRA grow as long as you live.

The maximum contribution to either a traditional or Roth IRA is \$4,000 for 2007. If you're 50 or older, you can contribute an additional \$1,000 for a total of \$5,000. Income limits apply for Roth IRAs.

It's not too late to make a traditional IRA contribution for the 2006 tax year. You have until April 17, 2007 to act. Your NEA Valuebuilder® financial representative can help you establish either a traditional or Roth IRA and answer your questions about which IRA option is best for you. Call your NEA Valuebuilder representative today, or call 1-800-NEA-VALU (632-8258) to find an NEA Valuebuilder representative near you.

¹ There may be a penalty of 10% on withdrawals prior to age 59½.

² A distribution from a Roth IRA is tax-free and penalty-free provided that the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, death, disability, qualified first-time home purchase.

³ Roth IRA earnings withdrawn prior to the end of the five-year aging period and prior to reaching age 59½ will be subject to a 10% early withdrawal penalty unless used to meet qualified expenses.

You should carefully consider the investment objectives, risks, and charges and expenses of the mutual funds and variable annuities available under the NEA Valuebuilder Program before investing. You may obtain a prospectus that contains this and other information about the mutual funds and variable annuities by calling our National Service Center at 1-800-NEA-VALU (632-8258). You should read the prospectus carefully before investing. Investing in variable annuities and mutual funds involves risk and there is no guarantee of investment results.

The NEA Valuebuilder Program provides investment products (the "NEA Valuebuilder products") in connection with retirement plans sponsored by school districts and other employers of NEA members and individual retirement accounts established by NEA members. Security Distributors, Inc. and certain of its affiliates (collectively "Security Benefit") make the NEA Valuebuilder products available under this program pursuant to an agreement with NEA's wholly-owned subsidiary, NEA's Member Benefits Corporation ("MBC"). Security Benefit has the exclusive right to offer the NEA Valuebuilder products under the program, and MBC generally may not enter into arrangements with other providers of similar investment programs or otherwise promote to NEA members or their employers any investment products that compete with the NEA Valuebuilder products. MBC promotes the program to NEA members and their employers and provides certain services in connection with the program. Security Benefit pays an annual fee to MBC based in part on the average assets invested in the NEA Valuebuilder products under the agreement. You may wish to take into account this agreement and arrangement, including any fees paid, when considering and evaluating any communications relating to the NEA Valuebuilder products. NEA and MBC are not affiliated with Security Benefit. Neither NEA nor MBC is a registered broker-dealer. All securities brokerage services are performed exclusively by your sales representative's broker-dealer and not by NEA or MBC.

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