

National Association of Postmasters of the United States
Office of the National President



NAPUSSM

Postmasters—Proudly Serving America

NAPUS SUPPLEMENTAL RETIREMENT PLAN

Dear Fellow Members,

Our Association began sponsoring the Supplemental Retirement Plan in 1982. Since that time, thousands of NAPUS members, spouses and family members have joined. These members have reaped the benefit of the "Paying yourself first" method of retirement saving.

We again want to make sure all members are aware of this valuable program and the investment options available.

Enclosed is information on two highly respected investment companies participating in the NAPUS Supplemental Retirement Plan:

Lincoln National Life Insurance Company
Oppenheimer Mutual Funds

Based on your income, age and investment needs, you can participate in:

Traditional IRA
Roth IRA
Non-Qualified Tax-Deferred Annuity

The enclosed brochure outlines each of these investment options. If you have questions regarding any of these programs, call our insurance broker, Mass Benefits Consultants, Inc. toll-free at 1-800-221-3083.

Remember:

~ No administrative or transaction fees are charged to your account. ~
Contributions may be made at any time during the year.

I urge you to review this Supplemental Retirement Plan with your accountant, attorney, or financial advisor and compare it to any plan that is available before you contribute to a retirement plan.

Sincerely yours,

A handwritten signature in black ink, appearing to read "O. Dale Goff, Jr.", is written over a light blue grid background.

O. Dale Goff, Jr.
National President

GENERAL EXPLANATION

Who is eligible?

All NAPUS employees and their respective spouses, and the following family members: grandparents, parents, children and grandchildren over age 21 and their respective spouses are eligible to participate in this Plan.

What is the minimum contribution and cost to participate in this plan?

There is no mandatory minimum contribution amount and no administrative fees.

What are Lincoln National Life Insurance Company's Credentials?

Lincoln Life has a history of outstanding investment performance and is a leader in the industry with over 95 years experience, assuring us of both expertise and unquestioned reliability. Lincoln Life's financial strength: A+ by A.M. Best which ranked Lincoln Life "superior", as second highest of sixteen. (These ratings reflect claims paying ability but are not a guarantee of future performance.)

What is the return?

First quarter contributions will receive 4.00% until December 31, 2007. An interest rate will be declared each quarter in 2007 and contributions received and credited during that particular quarter will receive that interest rate until December 31, 2007. For 2008, a guaranteed rate will be declared each quarter on 2007 contributions but can be no less than 3.00%. You begin to earn interest upon receipt of your contribution by Lincoln Life, which will be forwarded from the custodian no later than 7 working days following deposit.

Enhanced bonus feature

For participants with total plan values of:

- a. Less than \$100,000, each lump sum contribution of \$20,000 or more that you make in 2007 will earn an additional .10% above the declared rate for 2007 (i.e. the 4.00% first quarter rate would become 4.10% through December 31, 2007).
- b. \$100,000 - \$499,999, you will earn an additional .10% of interest over the above stated rates (i.e. the 4.00% would become 4.10% for the first quarter of 2007). Contributions of any amount made during the year will also earn the bonus percentage (i.e. a contribution of \$1,000 in the first quarter will earn 4.10% through December 31, 2007).
- c. \$500,000 or more, you will earn an additional .20% of interest over the above stated rates (i.e. the 4.00% would become 4.20% for the first quarter of 2007). Contributions of any amount made during the year will also earn the bonus percentage (i.e. a contribution of \$1,000 in the first quarter will earn 4.20% through December 31, 2007).

If your total account balance reaches a bonus level during the plan year, you will begin earning additional interest either January 1 or July 1 following the attainment of the level.

Withdrawals

Withdrawals are processed as of the 15th and the last calendar day of the month, for forms returned 5 business days prior to the withdrawal date. You may request withdrawal forms from the Plan Administrator, IPC.

What is the surrender charge from Lincoln for premature distribution?

There is a 5% surrender charge on withdrawals (including transfers and rollovers) if you have been a Plan Participant for less than 10 years under Lincoln Life. This charge will not be assessed if the Participant is:

1. 59 ½ and retired;
2. disabled; or
3. deceased.

Principal is guaranteed by Lincoln. Guarantee is based on continued claims paying ability of Lincoln or the ability of Lincoln to meet its financial obligations.

Enhanced plan features

You may withdraw up to 50% of your accumulated interest earnings once per year without surrender charge.

The first quarter rate is 4.00% on all contributions received by March 23, 2007. Call the plan administrator for subsequent quarterly rates. This plan has a minimum guarantee of 3.00%* through December 31, 2008.

Minimum CONTRACTUAL guarantee for the Supplemental Retirement Plan is 1.5%.

*on contributions credited during 2007

ENROLLMENT

Complete the Enrollment Form and mail with a check made payable to NAPUS-SRP:

NAPUS Supplement Retirement Plan
P.O. Box 2899
Virginia Beach, Virginia 23450

A\$25.00 service charge will be assessed on all returned checks.

For questions, or additional enrollment forms for family members call the **Supplemental Retirement Plan Administrator (IPC): 1-800-368-3515.**

The NAPUS Supplemental Retirement Plan permits you to voluntarily establish your own Individual Retirement Account (IRA: Traditional and Roth) and/or Non-Qualified Deferred Annuity Account (interest accumulates on a tax-deferred basis). Once received, your contributions are placed with the insurance carrier at the then prevailing rate. As a participant, you will receive quarterly statements.

INDIVIDUAL RETIREMENT ACCOUNT (IRA)

The tax laws passed in 1997 and 2000 added additional types of IRAs, and increased the phase-out amounts for tax deductibility purposes.

The maximum contribution amount is limited to 100% of earned income up to \$4,000 per individual. If you turn 50 or older in 2007, you may contribute \$5,000. This is a combined maximum for all Traditional and Roth IRAs the participant may hold.

TRADITIONAL IRA

All or part of the contributions may be deductible. The determining factors for deductibility are the income restrictions and eligibility to participate in an employer-sponsored qualified retirement plan.

Contributions must cease in the year in which the participant reaches age 70 ½. Minimum required distributions must begin by April 1 of the year following the year the participant reaches age 70 ½.

If you are covered by a retirement plan at work, your deduction for

contributions to a traditional IRA will be phased out if your Adjusted Gross Income (AGI) is: More than \$80,000 but less than \$100,000 for a married couple filing a joint return or a qualifying widow(er), or More than \$50,000 but less than \$60,000 for a single individual or head of household, or Less than \$10,000 for a married individual filing a separate return.

ROTH IRA

Contributions are non-deductible. Earnings, however, are tax-free provided the account has been open at least five years and the participant is at least 59 ½ when withdrawals begin. The availability of this type of IRA is phased out according to your Adjusted Gross Income (AGI): \$150,000 - \$160,000 for a married couple filing a joint return; or \$95,000 - \$110,000 for a single individual, head of household, or married filing separately and you did not live with your spouse at any time during the year.

NON-QUALIFIED TAX-DEFERRED ANNUITY

If you wish to make contributions greater than those permitted under federal law, or if you are not eligible to make deductible contributions, you may want to participate in the Non-Qualified Deferred Annuity (NQDA) of the NAPUS Supplemental Retirement Plan and have all of the advantages of this tax-deferred annuity plan for your retirement planning.

Contributions are not tax deductible. Interest earnings accumulate on a tax-deferred basis – this means that no taxes are assessed until earnings are withdrawn. IRS Regulations state that interest earnings are disbursed first and taxable as ordinary income. Actual contributions amounts are not taxed at time of withdrawal.

Participants may contribute as much as they want at any time. There are no maximum age limitations for contributions or required distributions.

What are the IRS penalties for Premature Distribution?

Generally, distributions received prior to age 59 ½ that are not due to death, disability, transfer or rollover are subject to a 10% Penalty Tax as follows:

1. Traditional IRA - on the full amount withdrawn;
2. Non-Qualified Deferred Annuity - on interest earnings only; and
3. Roth IRA - some withdrawals may be penalty-free and some may even be tax-free. However, the combination of several factors, including your age and whether the account has been open at least five tax years will affect the taxability. Consult your tax advisor for more details. You may purchase an annuity based on your life expectancy prior to age 59 ½ and no penalties will be imposed.

In addition to the fixed rate guarantee there are Oppenheimer Mutual Funds Investment Options.

Over the years, Mass Benefits Consultants, Inc. and Independent Plan Coordinators, Inc. have teamed with NAPUS to provide an enhanced benefit program to NAPUS members and their families. Get a prospectus of each fund with more complete information about charges, expenses and risks. Be sure to read it carefully before you invest or send money.

If you are interested in receiving more information more about this investment option check Yes at the bottom of the form on the back of this page or call 1-800-221-3083.