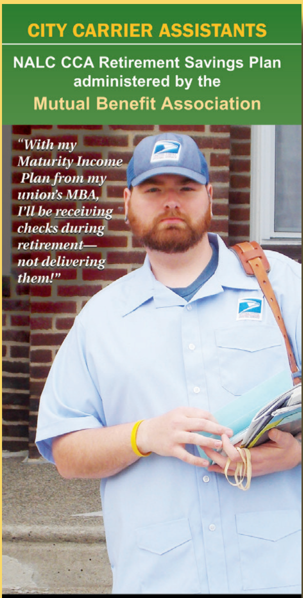
MAKE SURE YOU HAVE A HEALTHY RETIREMENT PLAN

Open Season is a good time to think about retirement plans along with health care. Letter carriers have savings options to help ensure that they can retire in comfort.

For career carriers, the Thrift Savings Plan (TSP) works much like 401(k) plans offered by many private employers. An amount you choose is deducted from your paycheck to go into your TSP account. Carriers in the Federal Employees Retirement System (FERS) are automatically given TSP accounts; those still in the Civil Service Retirement System (CSRS) can open one. For employees in FERS, the Postal Service contributes to your account based on how much you put in, in addition to the 1 percent of your salary that it adds automatically, matching up to 5 percent of your pay. So, the TSP is a great way to supplement pension benefits.



When CCAs become career employees, they can join the Thrift Savings Plan (TSP) and will have the option to transfer their funds from the MBA.

You choose how the money in your TSP account is invested from a menu of investment funds. You can treat a portion of the funds in your account like a traditional individual retirement account (IRA) by deferring income taxes until you withdraw money from it, or you can pay taxes on your contributions up front, similar to a Roth IRA, so the money will be tax-free when you withdraw it.

For complete information about TSPs, go to tsp.gov.

TSPs are available only to career employees; however, NALC's Mutual Benefit Association (MBA) offers similar retirement savings plans for city carrier assistants (CCAs).

CCAs can open either a traditional IRA or a Roth IRA through MBA.

In a traditional IRA, the contributions you make each year can be deducted from your federal taxes. In addition, earnings accumulate tax-free until the time of withdrawal. Upon distribution at age 59½ or older, the earnings and principal are taxed as ordinary income (earlier withdrawals may be subject to a tax penalty). For 2014, the maximum annual contribution per individual under age 50 is $5,500 ($6,500 for those 50 and older before the end of 2014)—with modified adjusted gross income eligibility limits of $60,000 for a single filer and $96,000 for a married couple filing jointly.

Contributions to a Roth IRA are not tax-deductible, but earnings accumulate tax-free. At the time of withdrawal, earnings are free from taxes if the owner has held the IRA for a minimum of five years and is at least 59½ years old. For 2014, a Roth IRA generally allows you to contribute a maximum of $5,500 per person each tax year ($6,500 for those 50 and older before the end of 2014) if your modified adjusted gross income does not exceed $114,000 for single filers and $181,000 for a married couple filing jointly.

CCAs who convert to career status can transfer the funds to a TSP account without penalty.

For more information, contact your local MBA representative, local branch office, or MBA headquarters office to get answers to your questions, or visit the MBA web page at nalc.org under "Member Benefits." The MBA's toll-free number, 800-424-5184, is available Tuesdays and Thursdays from 8 a.m. to 3:30 p.m. The Washington, DC, number, 202-638-4318, is answered Monday through Friday from 8 a.m. to 3:30 p.m.