

Paying your premium: Electronic funds transfer



**James W.
“Jim” Yates**

The Mutual Benefit Association (MBA) offers several ways to pay the premiums on our insurance policies and retirement savings plans. The two most common ways are by 1) sending a check or money order directly to the MBA office on a monthly or annual basis or 2) through biweekly payroll deduction.

Most active letter carriers choose the convenience of biweekly payroll deduction to pay the premiums on their policies. However, once the letter carrier retires or separates from the Postal Service, the only option available is to pay the premiums directly to the MBA office.

Although this method of premium payment has been successful

for many years, letter carriers have requested that the MBA offer a third way of paying premiums, through electronic funds transfer (EFT)—an automatic withdrawal directly from their bank account.

For the last few years, the MBA has been allowing our members to authorize withdrawals (debits) from their savings account or checking account with their financial institution. This may be done on a monthly or annual basis. The use of EFT to pay premiums on MBA policies can help avoid the risk of forgotten or late payments and potentially having a policy lapse or cancel for non-payment of premium.

“Letter carriers have requested that the MBA offer a third way of paying premiums, through electronic funds transfer—an automatic withdrawal directly from their bank account.”

To sign up for EFT payments, the policy payor (person responsible for paying the premiums on an MBA policy) will complete an Authorization Agreement for Electronic Fund Transfers (ACH Credits and Debits) form. This form is available at nalc.org/mba. At the bottom of the MBA page, click on “MBA Brochures, Applications and Forms.” Then, scroll down to the “Forms & Filing Information for U.S. Letter Carriers Mutual Benefit Association Policies”

section. Click on “EFT Funds Authorization.” There, you will find the form named “Authorization Agreement for Electronic Fund Transfers,” as well as some important information about completing the form. You may also call the MBA office to have an EFT form mailed to you.

The entire form must be completed, signed and returned to the MBA office, along with a voided check. The MBA will notify the payor when the first monthly or annual premium is scheduled to be withdrawn from his or her bank account via EFT. The payor should continue to make premium payments directly to the MBA office until he or she has received written confirmation from the MBA indicating that the EFT payments will begin.

As an added convenience, the payor may choose the day of the month that he/she would like the premium to be deducted from their bank account. The date may be any day of the month between the first and the 28th. If the payor does not specify which day of the month the deduction should be taken, the MBA will deduct the premium on the original policy day of each policy.

Once the EFT method of premium payment has been established, the automatic deduction will take place the same day each year or each month. Any request for a change in the EFT deduction must be made by a written request to the MBA.

The MBA has various insurance policies that are offered to letter carriers. Some of these policies have different payment requirements—for example, the number of premiums that are due to the MBA per year. For payors who choose to pay annually, only one premium payment is due each year. This payment will be due on the policy anniversary date.

Some policies pay premiums on a true “monthly” premium basis; they pay premiums 12 times per year. For these policies, the premium is due on the same calendar day each month. Other policies have the premiums due on an “eleventhly” basis; for these policies, premiums are due only 11 times per year, on the same day each month. For these policies, no premium is due in the month of December.

To determine the monthly premium payment amount, the annual premium is divided by 12 to determine a “monthly” premium amount, or by 11 to determine the “eleventhly” premium amount. If you are not sure whether the premiums are due on a policy on a “monthly” or “eleventhly” basis, please contact the MBA office.

For more information about paying your premiums using electronic funds transfers or any of the MBA products, please call the MBA office toll-free at 800-424-5184, Tuesdays and Thursdays, 8 a.m. to 3:30 p.m., or call 202-638-4318, Monday through Friday, 8 a.m. to 3:30 p.m. Eastern time. You also may visit our website at nalc.org/mba.