Safe and secure

Recent headlines throughout the country about the federal budget and the debt ceiling have given many Americans cause for concern about their financial future. Other areas of once "rock solid" security were the family home and the steady growth in the stock market. These concerns have caused many individuals to seek more conservative, less risky opportunities to secure their financial future.

In an unsteady economy, the United States Letter Carriers Mutual Benefit Association (MBA) has continued to stand out as a safe and secure resource for your hard-earned savings. The MBA has been in existence since 1891. It is a fraternal benefit society, which is therefore run by and for its members.

"MBA's slow, steady and conservative growth over the past 100 years has produced a very stable, financially secure insurance company."

The trustees of the MBA continue to adopt and exercise very conservative investment strategies. The MBA invests only in government and corporate bonds that are investment grade (high quality) rated by Standard & Poor's and Moody's investment ratings services. There are no junk bonds, real estate, derivatives or other less-secure financial instruments.

Beginning in 2007, the MBA began investing a small portion of its portfolio, approximately 10 percent, in equities. This investment was implemented through the purchase of SPDR Trust Certificates, commonly known as SPYders. These SPYders enable the MBA to achieve diversified exposure to the broad-based S&P 500 through the purchase of a single instrument. While it is recognized that the equity markets have historically demonstrated greater volatility than the bond market, our investment advisors believe that the low correlation of returns between stocks and bonds will actually reduce the volatility of returns in the MBA's total portfolio.

Beginning in 2010, the MBA approved the purchase of bonds rated BBB/Baa. While this is one notch below the historical limitation, these bonds are still considered investment grade. Further, the overall portfolio remains of very high credit quality. The weighted average of the portfolio's credit ratings at year-end 2010 was Aa3 by Moody's and AA- by Standard & Poor's, unchanged from year-end 2009. There were no securities held in the portfolio that were rated below investment grade by either Moody's or Standard & Poor's. The percentage distribution is as follows: 32 percent of the portfolio was rated Aaa by Moody's, 13 percent was Aa, 47 percent was A, and 7 percent was Baa. The portfolio remains weighted toward high-grade corporate bonds. At Dec. 31, 2010, the largest concentrations were in industrial bonds (41 percent), financials (26 percent), U.S. government agency debt (18 percent) and mortgage-backed securities (8 percent).

MBA has neither hefty commission fees to pay out to insurance salespeople nor any stock dividends to pay out to any outside shareholders. This allows MBA to pay profits to you, the letter carrier, in the form of better-than-average dividends and interest rates on our insurance and retirement products. Your insurance company is staffed by competent staff and employees. The daily oversight of the company's operation is my responsibility.

MBA's slow, steady and conservative growth over the past 100 years has produced a very stable, financially secure insurance company. This philosophy will continue so that, over the next 100 years or more, there will be growth and success of the MBA. This will enable us to continue to offer insurance products especially designed for letter carriers at a reasonable cost.

United States Letter Carriers Mutual Benefit Association (MBA):

The Life Insurance Association of and for the National Association of Letter Carriers
Suite 510, 100 Indiana Ave., NW
Washington, DC 20001-2144

202-638-4318, 8 a.m.-3:30 p.m. (Eastern)
800-424-5184, 8 a.m.-3:30 p.m. (Eastern), Tuesday and Thursday