

A gift to yourself that could last a lifetime



Myra Warren

In a recent conversation with an NALC brother, he shared that he was contemplating retirement and had requested a retirement package. Once he got into the “nuts and bolts” of the retirement process, it became an eye-opener. He explained that in reviewing the retirement documents, he discovered that decisions had to be made about his Thrift Savings Plan, Federal Employees’ Group Life Insurance and health benefits.

He had to consider whether he’d contributed enough to his Thrift Savings Plan or retirement savings account to live comfortably for years to come. This is a question that we all will face during this season of

our lives. No matter your age or your length of service, you should ask yourself, “Will I be able to live a comfortable lifestyle once I retire?” See, once you retire, your income will be fixed unless you seek other employment. Are you prepared for this?

Well, my brother was ready. During his career as a letter carrier, he took full advantage of contributing to his Thrift Savings Plan. Additionally, he gave himself a gift that could last a lifetime by supplementing his retirement with an MBA Maturity Income plan.

The Maturity Income plan is a flexible, premium-deferred annuity plan that allows members to save for retirement. The plan contains a provision that allows the policy owner to make it a qualified plan; that is, a Traditional IRA or a Roth IRA. Also, the MBA offers a Non-Qualified Annuity Plan that does not have an income or contribution limit attached. The policy owner has the option of varying his or her premium amount. The premium can be increased, decreased, stopped or resumed at any time. You can even make lump-sum deposits into the plan.

Currently, the plan offers a 4.5 percent credited interest rate with a guarantee that it will never fall below 3.5 percent. Each year-end, the Board of Trustees reviews the financial aspects of the plan and sets new rates based on the results and market conditions. Due to today’s economic environment, the association will change the method used to compute the minimum guaranteed interest rate that is guaranteed on all Maturity Income plans issued after Dec. 31, 2014.

The guaranteed rate for policies issued through the remainder of 2014 is based on a fixed minimum interest rate of 3.5 percent that is guaranteed to be paid on all policies

for the life of the contract. This rate will remain the same for all contracts issued prior to Jan. 1, 2015. However, in this period of ultra-low interest rates, the association needs the flexibility of “indexing” the guaranteed rate to protect the needs of the members and the organization against the possibility of issuing contracts with a guaranteed rate that could be greater than the association could earn on its investments.

Therefore, beginning in January 2015, all new Maturity Income plans issued will have a guaranteed minimum deferred annuity interest rate that is indexed based on the five-year U.S. Treasury rate. This rate will be set each year in December based on the monthly average for the preceding November and will become effective Jan. 1 of the following year. Finally, as a benefit to both the members and the association, the rate will have a “collar” so that the guaranteed rate cannot go below 2 percent or above 4 percent. The operating interest rate will meet or can exceed the guaranteed rate as suggested by MBA’s investment advisors and approved by the board of trustees.

This change offers a great opportunity to give a gift to yourself that could last a lifetime. By participating in the Maturity Income Plan by Nov. 28 through payroll deduction, you can lock in the guaranteed interest rate of 3.5 percent. Applications are processed once the first premium is received by MBA. If you would like to open a Maturity Income Plan after Nov. 28, MBA must receive your application and the first premium by Dec. 26.

This plan is primarily a retirement plan to supplement your retirement savings and is available to both the NALC member and his or her spouse. Give *yourself* a gift this holiday season—a Maturity Income plan.

Have a blessed holiday season!

United States Letter Carriers Mutual Benefit Association (MBA)

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