Director of Life Insurance

Maturity Income plan is now the Retirement Savings plan

Myra Warren

Beginning this month, the Mutual Benefit Association's Maturity Income plan will be replaced with the Mutual Benefit Association's Retirement Savings plan.

Typically, each year the Board of Trustees reviews the financial aspects of the plan in September and sets new rates based on the results and market conditions. The selected rate usually is set for a one-year period. The new Retirement Savings plan's interest credit rating will be determined by the trustees in December of each year, to become effective in January. Due to changes to the income annuity mortality table calculation of annuities minimum reserve, the guaranteed interest credited to this plan will never be lower than 2 percent. The plan's interest rates will be reviewed in accordance with the five-year yield, and the 2015 interest credited rate for the Retirement Savings plan will be 4 percent.

> **"By investing in the Retirement Savings plan now, you are taking steps to ensure that your retirement lifestyle will be as comfortable as you would like it to be."**

The Retirement Savings plan is an annuity plan that contains a provision allowing the policy-owner to make it a qualified plan; that is, a Traditional IRA or a Roth IRA. Those who want an IRA should consult their financial advisor to see if they qualify for a tax-deductible IRA before opening the account. Also, MBA offers a non-qualifying annuity, which does not have an income limit as is required with IRAs. MBA's interest income from premiums paid is tax-deferred on both the non-qualified annuity and the Traditional IRA. You will not pay any tax on the cash build-up until you withdraw it, whereas with a Roth IRA, the distributions are tax-free (subject to IRS rules and regulations).

By investing in the Retirement Savings plan now, you are taking steps to ensure that your retirement lifestyle will be as comfortable as you would like it to be. The earlier you sign up and begin premium payments, the sooner you will build a sizable retirement nest egg for the future. Young members can start by contributing small amounts now and increasing their contribution later when their income levels are higher. The plan is available to both the NALC member and his or her spouse.

Participating in the Retirement Savings plan is easy. You can join by contributing as little as $15 per pay period or $32.50 monthly. This is a flexible, premium-deferred annuity plan that allows the policy-owner the option of varying his or her premium amount. The premium can be increased, decreased, stopped or resumed at any time by written request to MBA's headquarters office.

You can contribute lump-sum payments to the plan at any time. Premiums may be deducted automatically from your paycheck through payroll deduction or MBA can provide you with monthly or annual payment coupons. Members may change careers and still continue their plan with the MBA even if they no longer are eligible for payroll deduction. The only difference is that the MBA will bill you monthly or annually.

Once you receive your Retirement Savings policy, you'll have time to examine it. If you choose not to keep the policy, you may return it to the MBA within 30 days of issue for a full refund of the contributed premiums. The policy-owner's signed statement requesting cancellation of the policy should accompany the policy.

The MBA holds no speculative investments. We do not invest in real estate, derivatives or junk bonds. Our portfolio consists of high-quality government and corporate bonds along with having a small portion of its portfolio in equities. Isn't it time to add your MBA as part of your investment portfolio?

If you have questions or would like an application, please call the MBA toll-free at 800-424-5184 on Tuesdays and Thursdays from 8 a.m. to 3:30 p.m., or call (202) 638-4318 Monday through Friday from 8 a.m. to 3:30 p.m. Eastern Time. Applications are available on the MBA page at nalc.org.