

Mutual Benefit Association's Immediate Annuity



**Myra
Warren**

The Mutual Benefit Association has a retirement option called an Immediate Annuity that is perfect for a retiree. An Immediate Annuity is when an individual gives an insurance company a lump sum of money in exchange for a guaranteed income stream starting immediately. This product can be made an important part of a letter carrier's retirement portfolio. This option, along with Social Security proceeds, investments, savings and pension payments will help foster a safe and comfortable retirement.

One of the defining features of an Immediate Annuity is that the annuitant may select one of three options:

- A life annuity that pays equal payments for life.
- A life annuity with a guaranteed period certain of 5, 10, 15 or 20 years.
- A joint life annuity that pays equal payments for life; upon death, your beneficiary would receive annuity payments for life.

If you are interested, the MBA will provide a quote with the estimated monthly payment based on the amount invested, the annuitant's current age, and the immediate payout option selected.

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Benefits

A principle benefit of an Immediate Annuity is that you will know how much money you will receive in each payment for the rest of your life. This characteristic will alleviate the stress of an individual outliving his or her investments. In addition, you will not need to make investment decisions about how to earn a comparable sum of money, since the MBA is responsible for the growth of your funds. The MBA is your non-profit fraternal association providing competitive rates on its products. You will find that the MBA's fixed immediate annuity rates are higher than most of our competitors. The MBA has been providing high-quality service to our members since 1891.

Considerations

Like all decisions, there are pros and cons to every choice in these matters. A factor to consider is that the money that you invest with the Immediate Annuity cannot be withdrawn or used for another purpose once the annuity proceeds have begun. You should consider your decision carefully and not invest money that you might need for an emergency. Another consideration is that the money invested in an Immediate Annuity is not available to your heirs, except in the case where the annuitant chose a 5-, 10-, 15- or 20-year guaranteed payment or a Joint Survivor option. There are different tax advantages for annuity withdrawals and payments based on the type of assets used to purchase the annuity (qualified versus nonqualified). You should consult your tax advisor for information on how annuity taxation applies to your situation.

Final thoughts

An Immediate Annuity is a valuable investment option available to our NALC retirees. There are various payment options, such as Life with Period Certain and Joint Survivor, that minimize the downside to the mortality issue. Each of the options comes with a corresponding monthly, quarterly, semi-annual or annual payment amount. Just another way that your MBA is working to provide options for the members.

Reminder

Individuals have until April 15 to make a contribution to their Traditional IRA or Roth IRA for the 2014 tax year. If you are making a contribution to your MBA Traditional or Roth IRA, please make sure to note on the check or money order that the contribution is for the 2014 tax year.

United States Letter Carriers Mutual Benefit Association (MBA)

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