

Financial protection for a member's parents



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The delegates in attendance at the 69th National Convention of the National Association of Letter Carriers approved a membership change to the *Constitution and General Laws of the United States Letter Carriers Mutual Benefit Association (MBA)*. This change added a member's parent or legal guardian as a category of qualified applicants for membership under General Law 1.

Now available to the members by class-specific and some state-specific applications are the MBA Paid Up in 20 Years, MBA Paid Up at Age 90 and the Independence whole life products.

These products are briefly de-

scribed below:

- The **MBA Paid Up in 20 Years** is a whole life insurance plan that has a limited premium-paying period. The premiums for this plan remain the same for the 20-year payment period. After that time, the policy becomes fully paid up and no further premiums are ever due. The valuable life insurance coverage will continue for the insured's lifetime.
- The **Paid Up at Age 90** whole life insurance product also provides a lifetime of insurance coverage. The premiums remain the same for the entire premium-paying period. The policy becomes fully paid up after the insured reaches age 90. At that time, no further premiums will ever be due, and the life insurance continues to remain in force.
- The **Independence** is a single premium whole life insurance plan in which the policy owner makes a one-time premium payment. Once the payment is made, the life insurance goes into effect and will last the insured's lifetime. No premiums will ever be due after the initial payment.

All three of the above whole life insurance products offer lifetime coverage for the insured. The plans' premiums will never increase. Each plan earns a cash value that increases over the life of the policy. In addition, these policies offer a loan provision at a low-interest rate.

Dividends are generally payable on the whole life policies and the policy owner has several options in receiving the dividends. The owner may choose to receive a dividend check each year on the policy anniversary date, the dividends may be held on deposit and earn interest, or

the dividends may be used to purchase additional (paid-up) life insurance.

A provision is included in the whole life insurance policies to protect the owner from loss of their valuable investment in the plans. If the policy owner chooses not to continue the required premium payment or is unable to continue premium payments, the policy owner has options other than cancelling the policy and losing the coverage. These options are extended term insurance and reduced paid-up life insurance:

- **Extended term insurance** allows for the same face value (death benefit) of the original whole life policy to be extended for a certain period of time, at no additional premium cost to the policy owner. The net surrender value of the whole life policy would be used as a single premium at the insured's attained age to determine the period. If the insured died prior to the expiration date, the beneficiary would receive the life insurance proceeds. After that date, the coverage would become null and void.
- **Reduced paid up life insurance** also allows for the continuation of the life insurance coverage without paying further premiums; however, the face value (death benefit) of the original policy is reduced. The net surrender value of the whole life policy would be used as a single premium at the insured's attained age to determine the amount of reduced paid up insurance. However, this coverage would remain in force for the insured's lifetime. Upon the death of the insured, the beneficiary would receive the life insurance proceeds.

The whole life insurance products are available to the NALC member, spouse, children (including step-children), grandchildren, great-grandchildren, and the NALC member's parents. Policies may be issued for any amount between \$1,000 and \$100,000 for each individual.

The MBA products have a 31-day "free look" provision. This means that NALC members have a period of 31 days to look at the policy and make sure the policy is what they want. If a member does not want the policy, he or she may return it to the MBA, have the policy canceled, and receive a full refund of premium.

If you have any questions regarding the plans offered by the MBA, please contact our New Business department at 202-638-4318, ext. 30.