

MBA evolving to meet letter carriers' needs



Myra Warren

The United States Letter Carriers Mutual Benefit Association (MBA) is a fraternal life insurance company owned and operated by its members. Established in 1891, the objectives of the MBA are:

1. To unite fraternally all letter carriers and other non-supervisory employees of the Postal Service who are of sound bodily health and good moral character, and who are members in good standing in the NALC, and
2. To establish a fund from which to pay all normal life insurance, disability and annuity benefits in accordance with the general laws relating to benefit certificates, and to pay such costs of administering the

MBA as may be properly chargeable thereto.

Over the past 125 years, the benefits offered by the MBA have evolved based on the needs of letter carriers. Originally, MBA plans offered were only developed for the letter carrier and his/her immediate family (spouse and children). At the request of the NALC membership, MBA has expanded the offering of life insurance products to letter carriers' children (step), grandchildren (step) and great-grandchildren (step). At the present time, MBA even offers life insurance products to the parents of a letter carrier.

In the early years of MBA, the original death benefits coverage of policies were between \$1,000 and \$3,000; some benefits were even lower. In today's economy, these small death benefit proceeds would be insufficient to cover burial expenses, much less help to provide for the surviving family. MBA responded to the request from our NALC members to raise the life insurance coverage limit for any individual insured. Now, the members may apply for up to \$100,000 of life coverage for each and every eligible family member.

In the 1970s, the MBA began offering a Hospital Confinement policy that could cover the NALC member, spouse and children. The only daily benefit option for confinement to a hospital was \$30. Over the years, as the cost of a hospital stay increased, NALC members requested that the daily benefit for the Hospital Confinement policy increase as well. The MBA now offers Hospital Confinement plans with daily benefits of \$30, \$50, \$75 and even \$100. (The daily benefit for the Hospital Confinement child rider is 60 percent of the member's selected benefit.)

Since its inception, MBA has always provided a plan for NALC members to save additional funds for their retirement. Early MBA policies consisted of the contribution of a small

fixed-premium amount with the guarantee of a fixed monthly benefit payout. These early plans required the member to begin withdrawing the monthly benefit at age 60 or 65. MBA now offers the Retirement Savings Plan, which is a flexible way for letter carriers to put funds away for their retirement years. The member may choose to put their funds into a traditional individual retirement account (IRA), a Roth IRA, a non-qualified deferred annuity or an immediate annuity plan. The premiums are flexible and can be increased, decreased, stopped or started at any time. Lump-sum payments are available, but certain IRS limitations apply to the traditional and Roth IRAs. Flexible settlement options and flexible payout dates are available to the policy owner.

The Retirement Savings plan was initially only available to an NALC member and spouse. As adopted in a resolution from the 2016 NALC Convention in Los Angeles, the plan is now available to the children of NALC members. (See the March 2017 *Postal Record* for details.)

“We continue to grow and evolve in direct response to members’ requests.”

NALC members who are now enjoying the benefits of the early retirement plans are receiving monthly checks from MBA. These members have requested that their checks be directly deposited into their bank accounts. As of December 2016, MBA has established electronic funds transfer (EFT) for monthly retirement checks. MBA is looking to expand this benefit for members who wish to pay their premiums through direct deposit.

As demonstrated by our history, MBA strives to meet the needs of our members. We continue to grow and evolve in direct response to members' requests. Although we have solid roots in the past, we continually work to bring the MBA into the 21st century for the benefit of all NALC members.

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