

What is the MBA?



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I am frequently asked—what is the Mutual Benefit Association (MBA)? The NALC has many newer members, as well as some who have been around for a while, who are unaware of the great benefits available to them as NALC members that are provided through the MBA. The MBA offers a comprehensive line of life, accident, health and annuity products. Some NALC branches have an MBA representative who can provide members with literature and answer questions about the many MBA plans, as well as assist members with completing claims for benefits and beneficiary changes.

Below are the most frequently asked questions about the MBA.

What is the MBA?

In 1891, NALC held its national convention in Detroit, where members voted the United States Letter Carriers Mutual Benefit Association (USLCMBA), later known as the MBA, into existence.

Our founders had great foresight when they established the MBA. Article 2 of the *USLCMBA Constitution and General Laws*, located in the *NALC Constitution*, summarizes the MBA's goals:

Objects of the MBA

Section 1. To unite fraternally all letter carriers and other non-supervisory employees of the Postal Career Service who are of sound bodily health and good moral character, and who are members in good standing in the NALC.

Section 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.

Who manages the MBA?

The business affairs of the MBA are managed by a board of trustees, consisting of three trustees, the president of NALC and the director of life insurance, all of whom are elected by NALC members. The management of the MBA is assisted by an investment consultant, actuarial consultant, medical consultant, legal counsel and certified public accountants.

Who owns the MBA?

MBA is a fraternal benefit society, chartered and incorporated in the state of Tennessee. It is owned by its members, the policyholders. To become a member, you must be a member of NALC. Thus, MBA is owned by members of NALC.

A fraternal benefit society is a special type of life, annuity and health insurance company. Fraternal benefit societies are non-profit insurance companies; because of this, they

do not pay either premium or income taxes. This savings is passed on to the members in the form of lower premiums and higher dividends.

What insurance company “underwrites” the MBA insurance policies?

MBA policies are not underwritten by another insurance company. MBA operates as a licensed insurance company that complies with various state insurance laws and the laws of the United States and is regulated by the various state insurance commissioners in accordance with the guidelines prescribed by the National Association of Insurance Commissioners.

Why should I consider MBA over other insurance companies?

As a letter carrier, the MBA is your life insurance company. It is run for and by letter carriers. The MBA's policies are designed exclusively for letter carriers, taking into consideration NALC members' needs.

Because the MBA sells only to NALC members and their families, its operating costs are much lower than those of other companies. The MBA does not have agents and does not pay commissions. Did you know that in some companies, agents' commissions sometimes equal the first two years' premiums on certain policies?

The MBA is non-profit and thus does not pay taxes. As a result of all this, the MBA can and does keep its overhead low. These savings are passed on to you, the member.

What is the MBA representative's role?

An MBA representative is a member of a given branch elected to be a liaison between the members of the branch and the MBA headquarters office. His or her duties are outlined in the *NALC Constitution*, which includes assisting the members with such duties as required by the MBA headquarters office. They are not MBA or NALC agents.

Are the MBA and FEGLI the same?

No; FEGLI is the Federal Employees Group Life Insurance program, and only offers term life insurance to career employees. MBA offers term and whole life insurance as well as annuities and hospital confinement products to all NALC members, career or non-career.

For more information regarding MBA products, please call the MBA office. Due to the COVID-19 pandemic, the MBA phone lines are open only on Tuesdays and Thursdays from 8 a.m.-3:30 p.m. Eastern Time. The MBA is at 202-638-4318 or toll-free at 800-424-5184. You may also visit our website at nalc.org/mba.

Correction to the September 2020 MBA article: Roth IRA contributions are not tax-deductible, but earnings accumulate tax-free as long as the annuitant is over age 59 ½ and the plan has been in force for at least five years at the time of withdrawal. The December article inadvertently listed the age as 50 ½.