

# Family Retirement Savings Plan



**James W.  
“Jim” Yates**

**N**ALC members who enjoy saving for their retirement through the use of an MBA Retirement Savings Plan (RSP) wanted to extend that benefit to their family members. In 2016, the delegates at the 70th biennial national convention approved a resolution to extend this MBA benefit to the families of NALC members. As a result, the MBA began offering the MBA Family Retirement Savings Plan.

The MBA Family Retirement Savings Plan is an annuity available for NALC members' children, step-children, grandchildren, step-grandchildren, great-grandchildren and step-great-grandchildren who are ages 18 or older. With an initial

deposit of \$1,000 to open a plan, a family member can make contributions of as little as \$25 per month into an interest-bearing annuity. The annuitant (plan owner) can choose how much to contribute to the plan and how often. Contributions may be increased, decreased, stopped or started at any time. The plan remains open, even if the contributions are stopped.

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**“By joining the MBA Family Retirement Savings Plan, you can help your family members plan for their retirement and make sure that their future lifestyles are secure.”**

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## Three options available

The plan is offered as a traditional individual retirement account (IRA), a Roth IRA or a non-qualified deferred annuity. To contribute to a traditional or Roth IRA MBA Retirement Savings Plan, the annuitant must have earned income in the calendar year in which he or she wishes to contribute. Before electing a plan, you should consult with a tax advisor to ensure that an IRA is beneficial to the family member and that he or she qualifies.

With the traditional IRA, the contributions made each year can be deducted from federal income taxes. The earnings on a traditional IRA are tax deferred until the time of withdrawal. As of 2020, the maximum annual contribution per individual is \$6,000 for those under age 50

and \$7,000 for those ages 50 and older before the end of 2020. Modified adjusted gross income eligibility limits are \$65,000 for a single filer and \$104,000 for a married couple filing jointly.

The Roth IRA's contributions are not tax-deductible, but earnings accumulate tax-free as long as the annuitant is over age 50 and six months and the plan has been in force for at least five years at the time of the withdrawal. As of 2020, the contribution limit for a Roth IRA is similar to the traditional IRA, if the individual's modified adjusted gross income does not exceed \$124,000 for a single filer and \$196,000 for a married couple filing jointly.

The MBA Family Retirement Savings Plan selection may also be a non-qualified deferred annuity plan. With this option, there are no income limits for eligibility, no limits on your annual contributions and no requirements to begin taking mandatory distributions at a certain age. The non-qualified deferred annuity is not an IRA, but a deferred investment contract that makes regular payments upon “annuitization.” The earnings on a non-qualified deferred annuity plan are tax deferred until the time of withdrawal.

**Once owners receive their Family Retirement Savings Plan documents, they have a full 30 days to examine the plan before deciding whether to keep it. There is no risk.**

By joining the MBA Family Retirement Savings Plan, you can help your family members plan for their retirement years and make sure that their future lifestyles are secure. The earlier a family member signs up and begins making contributions, the easier it is to start building a sizable nest egg for the future.

**The MBA Family Retirement Savings Plan offers the following advantages:**

**Dependability**—NALC stands behind every policy written by MBA, which was created more than a century ago to give letter carriers' families reliable savings and insurance plans.

**Affordability**—MBA operates with low overhead, no fees and no salespeople on commission, and the savings and interest are passed on to the annuitant.

**Simplicity**—Just fill out an application to join the MBA Family Retirement Savings Plan. Send it to the MBA office along with the initial deposit of at least \$1,000.

**For more information regarding the MBA Family Retirement Savings Plan, please call the MBA office toll-free at 800-424-5184, Tuesdays and Thursdays, 8 a.m. to 3:30 p.m., or call 202-638-4318, Monday through Friday, 8 a.m. to 3:30 p.m. Eastern time. You may also visit our website at [nalc.org/mba](http://nalc.org/mba).**

Please note: Currently, due to the COVID-19 pandemic, the MBA phone lines are open only on Tuesdays and Thursdays from 8 a.m. to 3:30 p.m. Eastern Time.