

Retirement Savings Plan settlement options



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More than 6,200 letter carriers participate in the United States Letter Carriers Mutual Benefit Association’s (MBA) Retirement Savings Plans (RSPs). The RSPs are available as traditional individual retirement accounts (IRAs), Roth IRAs and non-qualified deferred annuity policies.

Both career and non-career letter carriers and their family members use these plans to prepare for a secure financial future. By making contributions while they are employed, they will receive a lifetime of benefits during their retirement years.

Currently, 560 members are receiving monthly benefit payments from their MBA RSPs; many members have selected payment options that will last their entire lifetimes. The MBA currently pays out more than \$165,000 a month to Retirement Savings Plan policy owners.

The MBA RSP provides many settlement options when it is time to start receiving benefits from the policy. The amount of the benefit will depend upon: 1) the age of the annuitant when the settlement option is chosen, 2) the amount of money in the plan at the time a settlement option is chosen, and 3) the specific option chosen.

The following settlement options are outlined in the MBA Retirement Savings Plan policies; however, the MBA may allow other settlement options requested by the annuitant:

- **Life annuity:** Monthly payments will be made to the annuitant as long as he/she is alive. No further benefits will be paid after the date of the annuitant’s death.
- **Life annuity with five-, 10-, 15- or 20-year period certain:** Monthly payments will be made for a specified period of five, 10, 15 or 20 years, and will continue after the expiration of the specified period as long as the annuitant is alive. If the annuitant dies during the specified period, monthly payments will continue until the end of the period to the beneficiary designated in the supplemental contract.
- **Joint life annuity:** Monthly payments will be made during the joint lifetimes of two annuitants and after the death of one annuitant during the life-

time of the surviving annuitant. The amount of the monthly payments is determined by the ages of the annuitants on the date the supplemental contract is effective.

- **Full cash refund annuity:** Monthly payments will be made as long as the annuitant is alive. At the death of the annuitant, we will pay to the annuitant’s beneficiary the remaining proceeds of the policy.

At the time of choosing a settlement option, some letter carriers decide to forego taking a payment for the rest of their lives and instead choose a specific dollar amount to be paid each month, or a specific number of months or years to be paid a monthly benefit. For these options, the annuitant will receive a monthly check for the designated period of time. Upon receiving the full benefits outlined in the supplemental contract, the benefits end.

The RSP settlement options are available to the policy owner at any time. However, any funds distributed from an RSP prior to age 59 and six months will be subject to an early withdrawal penalty from the Internal Revenue Service.

As life circumstances can change, the choice of an RSP settlement option is not made until the time the policy owner wishes to start receiving the benefits. Prior to the maturity date of an RSP (as defined in each MBA policy), the MBA will send a letter to the policy owner stating the date of maturity. The letter will state all of the settlement options available. If the policy owner does not wish to choose a settlement option at that time, he or she can notify the MBA to extend the maturity date of the policy.

When a settlement option has been chosen and the monthly benefits begin, the option may not be changed. Therefore, before choosing a settlement option, contact the MBA executive office and ask for a list of the monthly benefit amounts that you would receive under each settlement option. Our knowledgeable representatives can provide you with the information to make an informed decision about your supplemental contract payments.

MBA’s Retirement Savings Plans are excellent choices for adding to retirement planning for letter carriers and their families. These plans are not intended for short-term savings. The earlier you begin saving through your MBA RSP, the more money you will have for your retirement years!

For more information about MBA RSPs or any of the MBA products, 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.