

# MBA Retirement Savings Plan 2023 update



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**T**he Mutual Benefit Association (MBA) offers several retirement savings plans (RSPs) for all city letter carriers who are members of the NALC, as well as their families. These plans are the MBA RSP, the MBA Family RSP, the City Carrier Assistant (CCA) RSP and the MBA Immediate Annuity.

The MBA RSPs are retirement income plans designed to supplement your pension. You make small payments to your plan while you’re working, so you can receive a lifetime of monthly payments after you retire.

**The MBA RSPs are offered as traditional IRAs, Roth IRAs or non-qualified annuities.**

With a traditional IRA, the contributions you make each year are able to be deducted from your federal taxes. In addition, earnings accumulate tax-free until the time of withdrawal. Upon distribution at age 59½ or older, the earnings and principal are taxed as ordinary income. For 2023, the maximum annual contribution per individual under age 50 has increased to \$6,500. If you reach the age of 50 or older before the end of 2023, you may contribute an additional \$1,000 in catch-up contributions. Another change for 2023 is the age at which you must take a required minimum distribution (RMD). In late 2022, Congress passed legislation that raised the age you have to start taking RMDs from 72 to 73 years old beginning in 2023.

Contributions to a Roth IRA are not tax-deductible but earnings accumulate tax-free. At the time of withdrawal, earnings are free from taxes if the owner is at least 59½ years old and has held the IRA for a minimum of five years. For 2023, a Roth IRA also allows you to contribute the increased maximum of \$6,500 per person each tax year (\$7,500 for those 50 and older before the end of 2023). Owners of Roth IRAs do not have to take RMDs from it during their lifetime. Your beneficiaries, other than a surviving spouse, must take RMDs from your account after they inherit it.

Similar to a Roth IRA, contributions to a non-qualified annuity are not tax-deductible. However, your earnings on that money are taxed when you withdraw it from the account, regardless of how long you have held the account. The principal (your contributions) has already been taxed and is not taxed again upon withdrawal. There is no contribution limit as there is with a traditional or Roth IRA. A non-qualified annuity is also not subject to RMDs.

**Participation in an MBA RSP is easy. Once enrolled, you** simply make small contributions, as low as \$15 a pay period (or \$25 a month, with an initial \$1,000 deposit for the Family RSP or a minimum premium payment of \$25,000 for the Immediate Annuity). The easiest way to pay for active city carriers is through automatic deductions from your paycheck. You can adjust how much you want to contribute, stop and start making payments, or pay in lump sums whenever you want. MBA will handle the automatic deductions or bill you monthly or annually.

The interest rates for all MBA annuities are set by the trustees each December for the upcoming year and vary based on which policy contract was purchased. For 2023, the interest rate has been set at 2.8 percent for all new accounts and those issued on Form 860 (2015 or newer). For accounts issued in 2023, this rate will remain in effect for 12 months from the time of purchase. There is a guaranteed minimum interest rate of 2 percent on all new contracts. For the rates on older contracts, please see our website at [nalc.org/mba](http://nalc.org/mba), or call the office if you are not sure which contract you have.

If you need emergency cash any time after one year, you can stay in an MBA RSP while withdrawing money, subject to certain minimums and limitations. However, during the first six years you are in a plan, you will pay a surrender charge on the amount you withdraw in addition to any IRS penalties, if applicable. You also can surrender your plan for its cash value at any time subject to the same surrender charges listed above.

**When you are ready to retire, the MBA offers five ways to collect your benefits:**

1. Life annuity with period certain—Receive a lifetime of monthly payments. You are guaranteed this income for as long as you live. If you die during a specified period (five, 10, 15 or 20 years), payments go to your beneficiary until the end of the period.
2. Life annuity—Receive monthly payments through your lifetime. No further benefits will be paid after your death.
3. Joint life annuity—You or your beneficiary receive monthly payments as long as either of you live.
4. Full cash refund—Receive monthly payments for as long as you are alive. When you die, the MBA will pay any money in your account to your beneficiary.
5. Lump sum payment—Receive the full cash value of the policy at one time.

**For more information regarding any of the MBA products,** please call the MBA office toll-free at 800-424-5184 on Tuesdays and Thursdays from 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 also may visit our website at [nalc.org/mba](http://nalc.org/mba).