

# MBA Retirement Savings Plans



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**E**ach year in December the trustees meet to set the interest rates for all Mutual Benefit Association (MBA) Retirement Savings Plans (RSPs) for the upcoming calendar year. For 2025, the trustees have set the interest at 3.00 percent for all new accounts and those issued on Form 860 (2015 or newer). The rate in effect at the time of purchase will remain in effect for 12 months, then rerate to the current year’s percentage. From that point on, the interest rate will change every January based on the trustees’ decision in the preceding December but will never go below the guaranteed minimum interest rate of 2 percent. 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.

For the first time in three years, the IRS has not raised the annual contribution limits for traditional and Roth IRAs. The maximum contribution amounts remain at the 2024 levels of \$7,000 for those under the age of 50, with an additional \$1,000 in “catch-up” contributions available to those who reach the age of 50 or above in 2025.

The MBA offers several RSPs for all city letter carriers who are members of the NALC, and their families. These plans are the MBA RSP, the MBA Family RSP, the City Carrier Assistant 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 that 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 may 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 (your contributions) are taxed as ordinary income. Owners of a traditional IRA must take Required Minimum Distributions (RMDs) beginning at age 73.

**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 has held the IRA for a minimum of five years and is at least 59½ years old. Owners of Roth IRAs, or their surviving spouse, do not have to take RMDs from it during their lifetime.

As is the case with 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 principle 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 also is not subject to RMDs.

**Participation in an MBA RSP is easy. Once enrolled,** you can simply make small contributions, as low as \$15 a pay period (\$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 for active city carriers to pay is through payroll deduction. 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.

When a participating CCA becomes a career employee, they may transfer their traditional IRA funds to the Thrift Savings Plan (TSP) or continue the plan with the MBA to have an additional source of retirement income. The MBA will waive the surrender charge in this instance only. Due to IRS regulations, Roth funds from a personal IRA account cannot be transferred into the TSP.

If you need emergency cash, you can stay in an MBA RSP while withdrawing money any time after one year, 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.

**For more information regarding any of the MBA products,** please call the MBA office at 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).