

## Definition of OBRA

The Omnibus Budget Reconciliation Act of 1990 (OBRA) expanded the definition of "employment" for Social Security coverage and FICA tax purposes to include service performed after July 1, 1991 by a state or local government employee, unless the employee is a member of the employer's retirement system at the time the service is rendered or is already covered under an agreement between the employer and the Secretary of Health and Human Services (referred to as Section 218 agreement).

- Most full-time, state or local public employees are members of their employer's retirement system. By virtue of that membership, full-time service is not covered employment for purposes of the Old Age Survivors and Disability Insurance (OASDI) portion of taxes under the Federal Insurance Contributions Act (FICA), sometimes called Social Security tax, on the wages of employees paid by employer with respect to employment.
- Generally temporary, seasonal and part-time employees are not members of their employer's retirement system and their employment may be excluded from mandatory Social Security coverage provided they participate in an appropriate alternative plan under OBRA.

All participants classified as OBRA must make a mandatory contribution to the plan equal to 7.5% of gross pay. These OBRA mandatory contributions are restricted to investment in The Income Fund and distributions are restricted to a lump sum payment.

If you are interested in contributing more than the mandatory 7.5%, please contact your nearest Investor Center by calling us toll free at (877) 457-1900.

All OBRA participants are required to complete an OBRA-Mandatory Participation Agreement to enroll in the plan.