

# SMART PLAN

## OBRA Information Sheet

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SAVE MONEY AND RETIRE TOMORROW

### Basic Facts about OBRA and the Commonwealth of Massachusetts Deferred Compensation SMART Plan

As a part-time, seasonal or temporary employee of the Commonwealth of Massachusetts, or a Massachusetts local government employer, you are required to participate in the SMART Plan (Plan). The Plan is an alternative to Social Security coverage as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). By virtue of participating in the Plan, you, as an OBRA employee, are not subject to tax on compensation under the Old Age, Survivors and Disability Income portion of FICA (the Federal Insurance Contributions Act). You will be subject to the Medicare portion of FICA.

### Mandatory Contributions

As an OBRA employee, you must contribute at least 7.5% of your gross compensation per pay period to the Plan. Your contributions are made on a tax-deferred basis. This means that your contributions are not subject to federal or state income tax at the time they are made. You will be taxed on the value of your contributions (including any earnings) when you receive a distribution of your benefits from the Plan.

Your human resources or payroll center representative will provide you with the Participation Agreement – Mandatory OBRA Contributions form. Please complete and return this form to either your human resources or payroll center representative, who will forward this form to ING (the administrator of the Plan).

### Voluntary Contributions

If you wish, you may make additional contributions (voluntary contributions), above the mandatory contribution level of 7.5% of compensation per pay period. The total of your mandatory and voluntary contributions is subject to the Plan's maximum deferral limits set by the federal government (the lesser of 100% of includible compensation or \$14,000 for 2005). The dollar amount will increase annually in \$1,000 increments thereafter, until the dollar limit reaches \$15,000 in 2006 and will be adjusted to subsequent cost of living adjustments. By making this election, you may invest these additional contributions in any of the investment options offered in the SMART Plan. The administrative fee will be waived for this OBRA Voluntary Contribution Account. For information regarding voluntary contributions, contact your local ING office, toll-free, at 1-877-457-1900 and select option "2". Choose the local office that is closest to your place of employment, not closest to your residence.

*You should consider the mutual funds offered through a retirement plan carefully before investing. The prospectuses/prospectus summaries contain this and other information, which can be obtained by contacting your local ING representative. Please read carefully before investing.*

### Investments

Your mandatory contributions are automatically invested in the Income Fund. You may not transfer your mandatory contributions out of the Income Fund. Any voluntary contributions that you elect to make can be invested among the Plan's available investment options and are freely transferable between options in accordance with the terms of the Plan and ING's Frequent Trading Policy.

### Transfers of OBRA Mandatory Account

If you become a permanent, full-time employee, and once made contributions to an OBRA Mandatory Account, you may now elect to transfer your OBRA Mandatory Account to your Voluntary Account in your Massachusetts Deferred Compensation SMART Plan.

If you no longer work for your employer, you may transfer your OBRA Mandatory Account to your OBRA Voluntary Account.

**Please Note:** In order to take advantage of these options, you cannot be actively contributing to the OBRA Mandatory Plan. You must contact your local ING representative to implement this change.



### Withdrawals

Distribution of your Plan benefits can only be made upon:

- Severance from employment
- Unforeseeable emergency
- Death

Severance from employment occurs because of your voluntary or involuntary termination of employment. A leave of absence is not a severance from employment. Also, a change from part-time to full-time employment, or any similar change, is not considered an event that could result in a distribution from the Plan.

### Terminated OBRA Employees

If you no longer work for a Commonwealth of Massachusetts state agency or municipality, please note that you may take a lump-sum distribution (payable to you or your beneficiary at your death) or roll over your assets into another eligible employer-sponsored plan or traditional Individual Retirement Account (IRA). Your benefits attributable to your Voluntary Contribution Account may be distributed under other options available under the Plan. You may elect to receive your distribution immediately upon severance from employment. For more information, and/or to receive the appropriate paperwork, please contact our Customer Service Associates at 1-877-457-1900 and select option "1".

**Please Note:** Money distributed will be taxed as ordinary income in the year the money is received.

### Service Buyback

If a participant is no longer making OBRA Mandatory contributions but still working for a Commonwealth of Massachusetts state agency or municipality, that participant may be eligible for a "Service Buyback" of their credible years of service to their qualified Governmental defined benefit retirement plan. Service Buybacks may be funded from transferred assets from the OBRA Mandatory and/or Voluntary Contribution Accounts.

### How to contact ING

In order for ING to service your account and send you regular account statements, please keep your address and beneficiary information current. To update your address or inquire about your account, contact our Customer Service Associates at 1-877-457-1900, Monday through Friday, from 8:00 a.m. to 10:00 p.m. and Saturday, from 8:00 a.m. to 4:00 p.m. Eastern Time. You can also visit our Web site through ING Access at [www.mass-smart.com](http://www.mass-smart.com). This site provides such information as fund performance, an overview of the Income Fund and more plan details.

