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One future.**



# Alternate Retirement Plan Information for Extra Help Employees

## INTRODUCTION

A **federal law**, the Omnibus Budget Reconciliation Act of 1990 (OBRA 90), requires that governmental employees who are not members of their employer's existing retirement system be covered by Social Security or an alternate plan.

**At the County of San Mateo, you are enrolled in an alternate OBRA plan which satisfies federal requirements and provides cost savings compared to Social Security to both you and the County. Social Security would require that 12.4% of your salary be contributed each pay period; however, the County requires only a 7.5% contribution to your retirement account.**

*This information is a **general description** of what you can expect as a participant in the plan. The Plan Document provides a detailed description and contains all of the specific legal requirements of the plan. If this description states something that is different from the Plan Document, then the Plan Document will be followed, not this description. A copy of the Plan Document and Adoption Agreement is available on the plan's website at [empower.com/sanmateocounty](https://empower.com/sanmateocounty).*

## YOUR OBRA ACCOUNT

- ▶ Each pay period, 7.5% will be deducted from your salary and deposited into your account at Empower.
- ▶ Your contributions will be applied to the SAGIC Core Bond Fund ("SAGIC") and will accumulate **tax-free** until you take a distribution.
- ▶ The SAGIC investment option contains a guarantee\* of return of principal; therefore, the minimum interest rate is zero percent (0%). The actual credited interest rate is determined on a quarterly basis and is based on how the underlying investments in the fund are performing. The SAGIC fund consists primarily of higher quality government and corporate bonds. The performance of the fund is also impacted by movements in market interest rates.
- ▶ The new rate will be communicated each quarter on the County's custom web portal at [empower.com/sanmateocounty](https://empower.com/sanmateocounty). The new rate will be posted in advance of the rate change. In addition, you can find out what the current credited rate is by reviewing your quarterly statement, accessing your online account or by contacting Empower's Customer Care Center at **833-SMD-PLAN (763-7526)**.

\*Guarantee is based on the claims-paying ability of the issuing company.

## DESIGNATING A BENEFICIARY

**If you die** while you are employed, **your account balance will be distributed to:**

- ▶ **If you are married** at the time of your death, your **spouse** is automatically your beneficiary.
- ▶ **If you are unmarried** at the time of your death, your account balance will be paid to your surviving children, in equal shares. If you have no surviving children, your account balance will be paid to your estate.
- ▶ To designate a beneficiary, login to your account via [empower.com/sanmateocounty](https://empower.com/sanmateocounty).

## TAKING A DISTRIBUTION

- ▶ You or your beneficiary will receive your account balance **after your employment ends** for any of the following reasons:
  - Termination of Employment
  - Retirement
  - Death

## RECEIVING YOUR ACCOUNT BALANCE

- ▶ **When eligible, you may contact Empower** to determine the appropriate distribution steps.
- ▶ You do not pay income taxes on your account as it accumulates. **When you begin to receive benefits, the funds received become taxable income.**

## OPTIONAL DEFERRED COMPENSATION PLAN

- ▶ In addition to the OBRA plan, you are eligible to enroll in the Deferred Compensation Plan. You may enroll into this optional plan at any time. Contribution elections are made through Workday (<https://www.myworkday.com/smcgov/d/home.html>). Go to [empower.com/sanmateocounty](https://empower.com/sanmateocounty) for more information.
- ▶ Your contributions to the Deferred Compensation Plan will be applied to a Vanguard Target Retirement Date fund based on your age, unless you elect to make an investment election. For investment information, visit [empower.com/sanmateocounty](https://empower.com/sanmateocounty).

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