

Definition of OBRA

Part-Time, Seasonal, and Temporary Employees of the Commonwealth of Massachusetts or an electing Massachusetts local government employer

The Omnibus Budget Reconciliation Act of 1990 (OBRA) expanded the definition of “employment” for Social Security coverage and FICA tax purposes to include services performed after July 1, 1991 by a state or local government employee, unless the employee is a participant of the employer’s retirement system at the time 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 participants in their employer’s retirement system. By virtue of that participation, full-time service is not covered employment for purposes of 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 the employer with respect to employment.
- Generally temporary, seasonal and part-time employees are not participants 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 employees classified as OBRA must make mandatory contributions equal to 7.5% of gross compensation per pay period. Contributions and any earnings are tax-deferred, meaning taxes are not due until distributed, and are invested in the Voya Fixed Account. Distributions of benefits are permitted upon severance from employment, retirement or death.

If you have questions or would like further information about OBRA mandatory accounts, please contact (800) 584-6001.

Insurance products, annuities and funding agreements are issued by Voya Retirement Insurance and Annuity Company (“VRIAC”). Fixed annuities are issued by VRIAC. VRIAC is solely responsible for meeting its obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services, LLC (“VIIPS”). Neither VRIAC nor VIIPS engage in the sale or solicitation of securities. All companies are members of the Voya® family of companies. **Securities distributed by Voya Financial Partners, LLC (member SIPC) or other broker-dealers with which it has a selling agreement.**