

Memo to Staff regarding EGTRRA Amendment to MPPP:

The Economic Growth and Tax Relief Reconciliation Act of 2001 modified the laws affecting pension plans effective for years beginning after 2001. Many of the changes do not apply to our Money Purchase Pension Plan because our plan is a "defined contribution" plan, however two changes do apply:

- (1) The amount of compensation considered for determining the amount of the benefit increases to \$200,000 for the 2002 Plan Year. Under the prior law, our plan had to ignore any compensation above \$170,000 when determining contribution limits.
- (2) The maximum amount that now can be contributed to any one person's account increases to \$40,000 in Plan Year 2002. Under the old law the limitation amount was \$35,000.

The two items above relate to our 401(a) Plan, and requires no action on your part. There will be an automatic adjustment in the contribution amounts based on payroll data.

AURA also maintains a separate voluntary elective contribution Plan [403(b)]. Under the old law the maximum that could be incurred as an elective contribution was \$10,500. Under the new law, the dollar limit on annual employee elective contributions was increased to \$11,000 in 2002. [note: each year thereafter the maximum elective contribution will be increased by \$1,000 at least until 2006.] Additionally, under certain circumstances, staff members who are over age 50 may make an additional "catch-up" contribution to the 403(b) plan. For details on this provision, or to change the amount of your voluntary contribution to the 403(b) plan, please contact the Human Resources Office for your Center.