

**CITY OF MILWAUKEE, WISCONSIN**  
**DEFERRED COMPENSATION PLAN**  
**SUMMARY OF OPERATING PROCEDURES**

**Definitions**

ACCOUNTS refers to Plan Portfolios and SVA; AMEA, AMIA, PMIEA, PMUSEA, SCBA

ACCUM refers to the Accumulator Portfolio

AGGR refers to the Aggressive Portfolio

ADMINISTRATIVE ACCOUNT refers to the clearing account for the City with the Bank selected by the Board.

AMEA refers to the Actively Managed Equity Account

AMIA refers to the Actively Managed Income Account

BOARD refers to the City of Milwaukee Deferred Compensation Board

CONS refers to the Conservative Portfolio

CITY refers to the City of Milwaukee

CUSTODIAN refers to the Bank selected by the Board

DCD refers to the Department of City Development of the City of Milwaukee

DISBURSEMENT ACCOUNT refers to the checking account used by the Third Party Plan Administrator (TPA) maintained at the Bank selected by the Board

HACM refers to the Housing Authority of the City of Milwaukee

INVESTMENT CONSULTANT refers to the Investment Consultant selected by the Board

INVESTMENT MANAGER refers to the Investment Manager selected by the Board

NEW INVESTMENT ACCOUNTS refers to the SVA, AMEA, PMUSEA, PMIEA, SCBA, AMIA and SDBO and the Portfolios: Accumulator, Aggressive, Conservative and Wealth Builder

OLD INVESTMENT ACCOUNTS refers to American United Life (Capital Life) Security First Life, and T. Rowe Price Funds

PMIEA refers to the Passively Managed International Equity Account

PMUSEA refers to the Passively Managed U.S. Equity Account

Portfolios refers to the Plan Portfolios; ACCUM, AGGR, CONS, WLTH

RACM refers to the Redevelopment Authority of the City of Milwaukee

RMD refers to the Required Minimum Distribution under IRS Rules, Section 401(a)(9) [I.R.C. §§ 457 (d) (1) (B), (d) (2)].

SDBO refers to Self-Directed Brokerage Option

SCBA refers to the Socially Conscious Balanced Account

STIF refers to the Short Term Investment Fund with a Custodian

SVA refers to the Stable Value Account

SVA CONSULTANT refers to SVA Consultant selected by the Board

SVA MANAGER refers to SVA Manager selected by the Board

TPA Third Party Plan Administrator (Administrator/Enroller) refers to the Third Party Plan Administrator selected by the Board.

WISCONSIN CENTER refers to the Wisconsin Center District, which owns and operates the Milwaukee Arena, Milwaukee Auditorium and Frontier Airlines Center

WLTH refers to the Wealth Builder Portfolio

**I. Plan Member Enrollment and Servicing**

- A. The TPA shall prepare descriptive material regarding new investment options, re-enroll currently contributing participants in new options, assist new employees with enrollment, assist all participants or participant's beneficiary(ies) with transfer and disbursement requests, and prepare and mail confirmations of all status changes and investment election changes.
1. All participant or participant's beneficiary(ies) directed changes to participant or participant's beneficiary(ies) accounts must be authorized in writing, by a participant or participant's beneficiary(ies), prior to the TPA processing such changes, except as noted below.
  2. The following participant or participant's beneficiary(ies) directed changes may be authorized by a participant or participant's beneficiary(ies) by calling TPA's Milwaukee Office or toll-free telephone number in lieu of a written authorization:
    - a. Change in allocation of future payroll contributions among investments,
    - b. Transfers of existing balances between Accounts and/or Portfolios (see IV. Intercompany Transfers Initiated by Telephone),
    - c. Change in participant's or participant's beneficiary(ies) address, and
    - d. Change in the deferral amount of future payroll contributions
    - e. Request change in the 50 and older catch-up contributions.
  3. The following participant or participant's beneficiary(ies) directed changes may be authorized by a participant or participant's beneficiary(ies) by calling the TPA's Voice Response Unit toll-free telephone number in lieu of a written authorization:
    - a. Change in allocation of future payroll contributions among investments,
    - b. Transfers of existing balances between Accounts and/or Portfolios (see IV. Intercompany Transfers Initiated by Telephone),
    - c. Change in participant's or participant's beneficiary(ies) address, and
    - d. Change in the deferral amount of future payroll contributions
    - e. Request change in the 50 and older catch-up contributions.
  4. The following participant or participant's beneficiary(ies) directed changes may be authorized by a participant or participant's beneficiary(ies) by accessing the TPA's Internet Site in lieu of a written authorization:
    - a. Change in allocation of future payroll contributions among investments,
    - b. Transfers of existing balances between Accounts and/or Portfolios (see IV. Intercompany Transfers Initiated By Telephone),
    - c. Change in participant's or participant's beneficiary(ies) address, and
    - d. Change in the deferral amount of future payroll contributions.

- e. Request change in the 50 and older catch-up contributions.
- B. The TPA shall assist participants or participant's beneficiary(ies) by answering questions about account status, account values and transaction activity. Where applicable, administrative policy requires all inquiries to be responded to within 24 hours.
- 1. For new investment accounts, the TPA shall research questions directly.
  - 2. For old investment accounts, the TPA shall request assistance from the respective Investment Company.
- C. Catch-up provisions.
- 1. The TPA shall assist eligible participants in increasing deferral percentage within prescribed limits.
  - 2. The City shall provide the TPA, upon request, participant's actual deferrals by year beginning with 1/1/79 for management employees and 1/1/81 for non-management employees.
  - 3. The City shall provide participant's gross salary by year to the TPA within 24 hours of request.
  - 4. The TPA shall assist participants with the completion of a catch-up worksheet to determine new deferral percentage when required.
- D. Participant Eligibility
- 1. Section 1.16 of the Master Agreement defines "Eligible Individuals" as Employees over the age of 18 who are not Independent Contractors. Section 1.16 further provides that additional eligibility criteria may be set forth in these Operating Procedures.
  - 2. Section 2.3 of the Master Agreement provides that an Eligible Individual who becomes a non-Eligible Individual will not be able to make deferrals to the Plan unless and until that person is again classified as an Eligible Individual at some point in the future.
  - 3. The following shall not be considered "Eligible Individuals" and thus may not make deferrals to the Plan:
    - a. Employees whose hours of work are established at fewer than 20 hours per week;
    - b. Members of City boards and commissions;

- c. Individuals hired as provisional, emergency, or temporary appointments, as those terms are defined in the City's civil service rules;
  - d. Election inspectors and ballot clerks employed at voting precincts, and all other temporary help engaged by the Board of Election Commissioners preceding or during an election period
4. As provided in Section 4.1(a) of the Master Agreement, an individual who has a Severance from Employment on or after May 16, 2019 is eligible for a distribution under the Plan. Notwithstanding the prior sentence, any individual who is rehired as an Eligible Individual shall not be eligible for a distribution, regardless of any prior Severance from Employment, and any prior distribution election in effect on rehire shall be suspended until a subsequent Severance from Employment.

## **II. Payroll Reduction Processing**

- A. Biweekly, the Monday before payday, the City shall produce a payroll reduction electronic file and prepare any adjustments necessary.
- B. Biweekly, the Monday before payday, HACM shall prepare a separate hardcopy payroll reduction register for HACM participants which are to be faxed to the TPA. The TPA shall deliver a copy of the HACM payroll reduction register and wire confirmation to the City at the Office of the Executive Director of the Plan, City Hall, 200 E. Wells Street, Milwaukee, WI 53202, on or before payday.
- C. Biweekly, the Monday before payday, Wisconsin Center shall prepare a separate hardcopy payroll reduction register for Wisconsin Center participants which are to be faxed to the TPA. The TPA shall deliver a copy of the Wisconsin Center payroll reduction register and wire confirmation to the City at the Office of the Executive Director, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.
- D. The Investment Manager shall provide the TPA with instructions regarding the percentages to be directed to specific mutual funds within the SVA, AMEA, PMUSEA, PMIEA, SCBA and AMIA. The Portfolios' allocations will be updated quarterly with instructions from the Investment Manager but direct trading will not occur in the Portfolios, rather in the Plan Accounts.
- E. The TPA shall input the HACM, RACM and Wisconsin Center payroll reduction data and process the City electronic file within 48 hours of receipt against participant election data. The TPA shall generate a total plan reduction summary and calculate the amount to be received by each mutual fund based on the instructions for the SVA, AMEA, PMUSEA, PMIEA, SCBA and AMIA, and based on the allocation percentages for each Plan Account within the Portfolios, provided by the Investment Advisor. Investment instructions are telecopied and/or emailed to TPA from the Advisor on payday with a copy to the City at the Office of the Executive Director, City Hall, 200 East Wells Street, Milwaukee, WI 53202. The TPA will provide the input control

register for HACM, RACM and Wisconsin Center participants. The Deferred Compensation Executive Director shall verify that the total payroll reductions equal the total amount to be invested by the Custodian each pay period.

- F. The City, HACM, RACM and Wisconsin Center shall wire transfer their respective payroll reduction amounts to the Administrative Account on payday.
- G. The Custodian shall wire transfer payroll reduction funds in accordance with instructions from the TPA on the Friday after payday from the Administrative Account to the specified funds within the AMEA, PMUSEA, PMIEA, SCBA, AMIA and to the SVA.
- H. The TPA shall confirm receipt of funds, post participants accounts on Thursday, payday.
- I. SVA contributions shall be wired to a Custodian on the Friday after payday for investment.
- J. A participant separating from employment may defer payroll payments from Vacation Pay, Accumulated Sick Pay, and Back Pay if paid within 75 days of the participants separation of service date provided the participant elects such deferral prior to the participant's separation of service date.

Payments attributable to participant's employment payable more than 75 days following the separation of service date may not be deferred.

### **III. Administration of Investment Strategies**

#### **A. Investment Consultant Responsibilities**

The Investment Consultant shall:

1. Provide ongoing monitoring and oversight of investment managers.
2. Provide advice to the Board on investment manager retention and replacement as needed.
3. Monitor, review, and advise upon investment performance benchmarks.
4. Conduct quarterly performance monitoring and attribution analysis for the total Fund, as well as each individual investment options, excluding brokerage window assets.

#### **B. Investment Manager Responsibilities**

The Investment Manager shall:

1. At the end of each calendar quarter, conduct a review of the Portfolio allocations and make decisions regarding changes necessary to maintain Portfolio objectives.
2. Communicate any allocation mix changes to the TPA so that they may be implemented in the Portfolio investments on the recordkeeping system.
3. Shall write quarterly newsletter content to inform participants of any changes to the Portfolio allocations and provide the newsletter content to the TPA and produce Fund Fact Sheets for each of the plan's investment options, excluding the SVA, which will be prepared by the SVA Manager

C. Third Party Plan Administrator (TPA) Responsibilities

TPA shall:

1. On the first Tuesday of the third month of each quarter, execute a rebalancing to the allocations previously provided by the Investment Manager. If no changes are received, then the rebalancing should occur using the prior quarter's allocations.
2. Execute trading in the Portfolios on a pro rata basis, per the mutual funds allocations held in the Accounts' portfolios, in accordance with the allocation mixes described above.
3. Incorporate the Investment Manager's content into the quarterly newsletter and print/distribute the newsletters in the same manner as is currently executed.

**IV. Investment of SVA assets by Custodian**

A. Administrative processing

1. The SVA Manager shall select investment contracts for the City based upon the Board approved investment guidelines.
2. The SVA Manager shall send a commitment to the City, the Custodian and the TPA.
3. The Custodian shall provide executions, receive investment contracts from provider companies, provide safekeeping for the City, and send copies to the Board, SVA Manager, and the TPA.

B. Investment instructions.

1. Funding for disbursements shall be performed by the TPA through the SVA Manager.
2. The SVA Manager shall prepare instructions for reinvestment of amounts previously invested and reinvestment of maturing amounts and deliver to the TPA City and Custodian.
3. Custodian shall invest and reinvest SVA assets in accordance with instructions from TPA within one business day.

**V. Intercompany Transfers Initiated by Telephone to Customer Service Representative**

- A. Old investment to new investment account transfers are not allowed.
- B. New investment Account and/or Portfolio to new investment Account and/or Portfolio.
  1. The participant or participant's beneficiary(ies) may call the Milwaukee Office or the toll-free telephone number during business hours established by the TPA in order to make a transfer between his Accounts and/or Portfolio.
  2. The participant or participant's beneficiary(ies) will follow the recorded instructions given to him/her in order to speak with a customer service representative of the TPA.
  3. The customer service representative asks for certain participant or participant's beneficiary(ies) information from the caller, including name, address, social security number and date of birth, before taking the caller's transfer request. The information is confirmed with the TPA's system records.
  4. If the system records do not agree with the participant or participant's beneficiary(ies) information, the transfer is not processed; instead, a transfer election form is mailed to the participant or participant's beneficiary(ies).
  5. The TPA processes the transfer request. Calls received by 3:00 p.m. Central Time on a day when both the market and the TPA are open for business are processed for transfer on the same day. All other calls are processed for transfer on the next business day.
  6. All transfer calls will be tape recorded and maintained by the TPA for a period of at least six months.
  7. The TPA shall record all transfer requests each day, and shall compute the amount of the transfers on the morning of the following day.

8. The TPA will prepare investment instructions for the Custodian each day for the prior day's transfers, and shall telecopy those instructions to the Custodian not later than 12:00 noon Central Time.
  9. The Custodian will wire transfer the amounts from the Administrative Account as instructed by the TPA on the day the Custodian receives the instructions.
- C. Old investment to old investment transfers are not allowed.
- D. New investment account to old investment transfers are not allowed.

**VI. Intercompany Transfers – Hardcopy forms signed by Participant or Participant's Beneficiary(ies)**

- A. Old investment to new investment Account and/or Portfolio.
1. The TPA shall receive and verify all transfer requests from participants or participant's beneficiary(ies) within 24 hours of receipt.
  2. The TPA shall record all transfer requests and forward same to the respective disbursing companies each day.
  3. The Disbursing company shall process the appropriate withdrawal, mail a check to the custodian, and send the supporting detail to the TPA's Milwaukee Office upon receipt of the withdrawal request.
  4. The Custodian shall deposit checks received on a daily basis in the Administrative Account and telecopy receipt to the TPA. The TPA shall deliver reinvestment instructions to the Custodian each day.
  5. The Custodian shall wire funds from the Administrative Account to the receiving company.
  6. The TPA shall post the "transfer in" to the participant's or participant's beneficiary(ies) account after earnings have been posted and send a transfer confirmation to the participant or participant's beneficiary(ies) within a week after the investment date.
- B. New investment Account and/or Portfolio to new investment Account and/or Portfolio.
1. The TPA shall receive and verify all transfer requests from participants within 24 hours of receipt.
  2. On a daily basis, the TPA shall post the "transfer out" to the participant's or participant's beneficiary(ies) account. The TPA shall post transfer earnings to



the participant's or participant's beneficiary(ies) account in conjunction with daily transfer activity.

3. The TPA shall process all transfer requests on a daily basis and send the wire instructions to the Custodian on a daily basis.
  4. The Custodian shall wire funds from the Administrative Account to the receiving company on a daily basis.
- C. Old investment to old investment transfers are not allowed.
- D. New investment Account and/or Portfolio to old investment transfers are not allowed.

**VII. Intercompany Transfers Initiated by Voice Response Unit**

- A. Old investment to new investment Account and/or Portfolio transfers are not allowed.
- B. New investment Account and/or Portfolio to new investment Account and/or Portfolio.
1. The participant or participant's beneficiary(ies) may call the toll-free telephone number 24 hours a day (except for standard maintenance) established by the Administrator/Enroller in order to make a transfer between his/her Accounts and/or Portfolios.
  2. The participant or participant's beneficiary(ies) will access his/her account by entering his/her social security number and a Personal Identification Number (PIN). The first time a participant or participant's beneficiary(ies) accesses the system, a PIN is created by first entering their birth date as month-day-year (e.g. 02-15-1952). Participant or participant's beneficiary(ies) will then be asked to enter a new number to serve as their PIN.
  3. The participant or participant's beneficiary(ies) will follow the recorded instructions given to him/her in order to perform transfers from new funds to new funds.
  4. Transfer requests are permitted daily. Calls received by 3:00 p.m. Central Time on a day when both the market and the TPA are open for business are processed for transfer on the same day. All other calls are processed for transfer on the next business day. Participants or participant's beneficiary(ies) will hear a message that a current transfer is pending if attempting to do more than one transfer in a given business day. Participant or participant's beneficiary(ies) can cancel the request or proceed with the transfer.

5. The TPA shall record transfer requests each day, and shall compute the amount of the transfers the evening that transactions are processed.
  6. The TPA will prepare investment instructions for the Custodian each day for the prior day's transfers, and shall telecopy those instructions to the Custodian not later than 12:00 noon Central Time.
  7. The Custodian will wire transfer the amounts from the Administrative Account as instructed by the TPA on the day the Custodian receives the instructions.
- C. Old investment to old investment transfers are not allowed.
- D. New investment Account and/or Portfolio to old investment transfers are not allowed.

**VIII. Intercompany Transfers Initiated by Internet**

- A. Old investment to new investment Account and/or Portfolio transfers are not allowed.
- B. New investment Account and/or Portfolio to new investment Account and/or Portfolio.
1. The participant or participant's beneficiary(ies) may access the Internet 24 hours a day (except for standard maintenance) established by the TPA in order to make a transfer between his/her Accounts and/or Portfolio.
  2. The participant or participant's beneficiary(ies) will access his/her account by entering his/her social security number and a Personal Identification Number (PIN). The first time a participant or participant's beneficiary(ies) accesses the system, a PIN is created by first entering their birth date as month-day-year (e.g. 02-15-1952). Participant or participant's beneficiary(ies) will then be asked to enter a new number to serve as their PIN.
  3. The participant or participant's beneficiary(ies) will follow the menu options in order to perform transfers from new funds to new funds.
  4. Transfer requests are permitted daily. Transactions confirmed by 3:00 p.m. Central Time on a day when both the market and the TPA are open for business are processed for transfer on the same day. All other transactions are processed for transfer on the next business day. Participants or participant's beneficiary(ies) will receive a message that a current transfer is pending if attempting to do more than one transfer in a given business day. Participant or participant's beneficiary(ies) can cancel the request or proceed with the transfer.
  5. All transaction related activity on the Internet will be archived and maintained by the TPA for a period of at least six months.

6. The TPA shall record all transfer requests each day, and shall compute the amount of the transfers on the evening that the transactions are processed.
  7. The TPA will prepare investment instructions for the Custodian each day for the prior day's transfers, and shall telecopy those instructions to the Custodian not later than 12:00 noon Central Time.
  8. The Custodian will wire transfer the amounts from the Administrative Account as instructed by the TPA on the day the Custodian receives the instructions.
- C. Old investment to old investment transfers are not allowed.
- D. New investment Account and/or Portfolio to old investment transfers are not allowed.

**IX. Intracompany Transfers**

- A. Old investment (American United Life and T. Rowe Price ONLY)
1. The TPA shall receive and verify all transfer requests from participants or participant's beneficiary(ies).
  2. The TPA shall record the transfer request and send a request to the respective investment company on a weekly basis each Friday.
  3. The Investment Company shall execute the transfer and send a confirmation to the TPA.
  4. The TPA shall confirm the transfer execution with participant or participant's beneficiary(ies).
- B. New investment Account and/or Portfolio (not applicable).

**X. Lump Sum Disbursements to Participants or Participant's Beneficiary(ies) (Effective 09/03/87)**

- A. Old investment.
1. The TPA shall receive and verify all disbursement requests from participants or participant's beneficiary(ies).
  2. The TPA shall provide the participant or participant's beneficiary(ies) with the current account values and surrender values and forward the participant's or participant's beneficiary(ies) disbursement request to the disbursing company by

the 15<sup>th</sup> of the month prior to commencement date.

3. After receipt of notification from disbursing company of final surrender value, the TPA shall forward the participant's or participant's beneficiary(ies) disbursement request with final surrender value to the Board for approval.
4. The disbursing company shall process the withdrawal, generate and mail the check to the participant or participant's beneficiary(ies), less Federal and State tax withholdings in accordance to Federal and State tax laws. The disbursing company shall deposit the withholding amounts with the appropriate agencies, and perform year-end tax reporting to the participant or participant's beneficiary(ies) and the appropriate agencies, holding the City harmless for any tax withholding errors and penalties.

B. New investment Account and/or Portfolio.

1. The TPA shall receive and verify all disbursement requests from participants or participant's beneficiary(ies).
2. The TPA shall determine the participant's or participant's beneficiary(ies) account balance and forward only their initial disbursement request to the Board for approval.
3. Upon approval by the Board, the TPA shall post the withdrawal to the participant's or participant's beneficiary(ies) account, after earnings have been credited for the prior month, and instruct the disbursing company or Custodian to wire funds, sending telecopies of the supporting detail to the City.
4. The disbursing company shall wire funds to the Administrative Account.
5. The TPA shall direct the Custodian to transfer funds from the Administrative Account to the Disbursement Account.
6. The Custodian shall transfer funds to the Disbursement Account.
7. The TPA shall generate and mail a check to the participant or participant's beneficiary(ies), drawn on the Disbursement Account, less Federal and State tax withholdings in accordance to Federal and State tax laws, deposit withholding amounts with the appropriate agencies, and perform year end tax reporting to the participant or participant's beneficiary(ies) and appropriate agencies, holding the City harmless for any tax withholding errors and penalties.

**XI. Other Distribution Options**

- A. New investment Account and/or Portfolio – same as lump sum disbursements.
1. In a series of installments over the life of the Participant.
  2. In a series of installments over the joint life of the Participant and the Beneficiary and thereafter for the life of the survivor.
  3. In a series of installments over a period certain not exceeding the life expectancy of the participant or the joint life expectancy of the participant and beneficiary.
  4. In a series of installments over the life of the Participant with payments guaranteed for 5, 10 or 15 years.
  5. Fixed Dollar Payments – A participant selects a specific dollar amount they want to receive. The length of time the payments will last varies based on their account balance plus the earnings or losses experienced on their investments. Payments will continue to the participant or their beneficiary until the account balance becomes zero.

As an optional feature, the participant may elect to have the fixed dollar payment increased annually to reflect a cost of living adjustment. Once each year, the payment amount would be increased by the annual Consumer Price Index (CPI). Because this adjustment would increase their payment each year, the participant will need to consider this when estimating how long the payments will last.

6. Expected Lifetime Recalculation Payments – The participant would receive payments over their life expectancy or the joint life expectancy of the participant and beneficiary. The payment amount will be recalculated each year based on their account balance and life expectancy as determined by standard mortality tables. When a participant selects these options, the time period they will receive payments from their account will be slightly extended each year based on the new determination of life expectancy. As a result, the amount of their period payments may decrease in later years.
7. Partial Lump Sum – The participant will receive a lump sum distribution of a dollar amount they select. The remaining distributions can be made under one or more options of participant's choosing, which participant can change or end each calendar year until the attainment of age 70 ½ in the taxable calendar year.
8. The Participant can elect to take no distribution until April of the following year the Participant turns age 70 ½, then the minimum distribution rules required by the IRS will take effect. The participant can elect to take no distribution until April of the year following the participant turns 70 ½, then the RMD rules will

take effect. If in the year the participant turns 70 ½, the participant doesn't notify the Administrator that he/she wants the RMD distribution during that year, the Administrator shall make it prior to April 1<sup>st</sup> of the next year. In subsequent years the RMD must be taken no later than November of that year.

**XII. Annuitizations** (Effective 09/03/87)

A. Old investment

1. The TPA shall receive and verify all annuitization requests from participants or participant's beneficiary(ies).
2. The TPA shall determine and notify participant or participant's beneficiary(ies) of annuity account balance and gross annuity payment amount and forward annuitization request to the Insurance Company by the 15<sup>th</sup> of the month prior to the payout start date.
3. After receipt of notification from the Insurance Company of actual annuity value and gross monthly payment amount, the TPA shall forward the participant's or participant's beneficiary(ies) request to the Board for approval.
4. Upon approval by the Board, the Insurance Company shall process annuitization and mail annuity checks, less Federal and State tax withholdings in accordance to Federal and State tax laws, to the participant or participant's beneficiary(ies), deposit withholding amounts with appropriate agencies, and perform year end tax reporting to participant or participant's beneficiary(ies) and appropriate agencies, holding the City harmless for any tax withholding errors and penalties.

B. New investment – periodic payments.

Same as new investment lump sum disbursements.

C. New investment – purchase of immediate annuity.

1. Annuity Carrier shall be selected on competitive basis and approved by the Board.
2. The TPA shall receive and verify all annuitization requests from participants or participant's beneficiary(ies).
3. The TPA shall determine participant's or participant's beneficiary(ies) account balance and projected annuity payout amount and forward annuitization request to the Insurance Company by the 15<sup>th</sup> of the month prior to the payout start date.

4. After receipt of notification from the Insurance Company of actual annuity value and gross monthly payment amount, the TPA shall forward participant's or participant's beneficiary(ies) request to the Board for approval.
  5. The TPA shall post withdrawal to participant's or participant's beneficiary(ies) account, after earnings have been credited for prior month, telecopy disbursement instructions to the disbursing company, and telecopy supporting detail to the City.
  6. The disbursing company shall wire funds to the Administrator Account.
  7. The TPA shall direct the Custodian to transfer funds from the Administrative Account to the Insurance Company providing the annuity.
  8. The Custodian shall transfer the funds to the Insurance Company.
  9. The Insurance Company shall process annuitization and mail annuity checks to participant or participant's beneficiary(ies), less Federal and State tax withholdings, in accordance to Federal and State tax laws, deposit withholding amounts with appropriate agencies, and perform year end tax reporting to participant or participant's beneficiary(ies) and appropriate agencies, holding the City harmless for any tax withholding errors and penalties.
- D. New investment – life income with payment certain (5, 10, 15, 20, 25, 30 year)
1. Same as purchase of immediate annuity.
  2. Payments would be paid to the participant for their lifetime with a specified number of payments guaranteed. If the participant dies before the guaranteed payments are received, their beneficiary(ies) will receive the remainder of these payments.
- E. New investment – joint and last survivor income (100% or 50% joint survivor)
1. Same as purchase of immediate annuity.
  2. Payments will continue for the lifetime of the participant and that of a designated joint survivor.
  3. If the joint survivors' lifetime extends beyond the participant, payments would continue at a rate of either 100% or 50% of the initial annuity amount, based on the percentage originally selected by the participants. The participant is only allowed to name one joint survivor and this selection can never be changed.

F. Beneficiary Payout Election

Beneficiary(ies) will be allowed to disclaim benefits until last day of the calendar year following the participant's death.

**XIII. Earnings**

A. Old investments

The investment companies shall credit participants' or participant's beneficiary(ies) accounts with earnings according to the contracts in force.

B. SVA

1. The SVA Manager shall provide the TPA with all documentation related to rates of return on investment contracts within the SVA portfolio.
2. At the end of each month, the TPA shall calculate gross earnings on all outstanding investment contracts.
3. The SVA Manager shall provide gross earnings and prior month end value of the SVA by the 15<sup>th</sup> of each month. The TPA shall then calculate the monthly asset fee as mutually agreed between the Board and the TPA.
4. The SVA Manager shall calculate the gross assets in the SVA each day as well as the fee payable to the SVA Manager and any other liabilities of the SVA of which the SVA Manager has been made aware. The SVA Manager shall make this calculation based upon trade and transaction information sent to it by the TPA and based on cash level and interest accrual factors provided to it from the Custodian. In making its calculation, the SVA Manager makes no representation as to the accuracy of these figures. The TPA shall use the asset figure to determine a daily unit value for the SVA.
5. The TPA shall collect fees based on Section XIII, Fees of the Summary of Operating Procedures.

C. AMEA, PMUSEA, PMIEA, SCBA AMIA and SDBO

1. The Administrator/Enroller shall contact each investment company on the first day following the end of each month, request earnings, number of shares and month end net asset value (NAV), if applicable.
2. The TPA shall calculate month end value of funds prior to distribution of earnings by calculating the monthly asset fee as mutually agreed between the



Board and the TPA.

3. The TPA shall calculate gross earnings by combining earnings for all funds within account, calculate net earnings for account as gross earnings less applicable fees, and credit net earnings to participant or participants beneficiary(ies) accounts on average daily balance basis.
4. The TPA shall collect fees based on Section XIII, Fees, of the Summary of Operating Procedures.

**XIV. Fees (Basis Points)**

- A. Old investment – Not Applicable
- B. New investment Account and/or Portfolio – SVA Manager fees

The SVA Manager shall calculate fees payable to the SVA Manager on a quarterly basis based on the month end SVA values, send supporting detail to City Comptroller's office with an invoice, the City Comptroller and the Deferred Compensation Executive Director review and approve the invoice for payment and send copy to the TPA to be "collected" or netted against funds to be invested in the SVA. Once collected, the TPA shall be directed to fund a disbursement account check for payment of the SVA Manager fees by reducing the SVA and transferring to the Administrative Account the requisite amount of the SVA Manager's fee.

- C. New investment Account and/or Portfolio – AMEA, PMUSEA, PMIEA, SCBA, AMIA and SDBO. There are no additional charges for the portfolios; all fees are incurred and charged at the Plan account level.
  1. The TPA shall calculate fees payable to the TPA based on month end account values, send supporting detail to the City Comptroller's office and recover fees from the appropriate investment companies.
    - a. SDBO with Alternative Investments are non-publicly traded investments that are illiquid and lacking a public market for verifiable cost. The valuation of alternative investment products will be based on the Hennessee Hedge Fund Index for process of month end fee payment.
  2. Disbursing investment companies shall wire funds to the Administrative Account as directed.
  3. The City Comptroller and the Deferred Compensation Executive Director review and approve payment of fees. The TPA shall direct the Custodian to transfer requisite amount from the Administrative Account to the Disbursement

Account.

4. The Custodian shall transfer funds to the Disbursement Account as directed.
5. The TPA shall prepare check to the TPA

**XV. Annual Administrative Fee for City Administration Costs**

- A. The TPA shall charge each participant or participant's beneficiary(ies), who has an investment account balance, an annual \$20 City administrative fee no later than January 15 of each year. This charge should be assessed against the participant's or participant's beneficiary(ies) SVA balance; if there is no SVA balance, then the AMIA; if there is no SVA or AMIA balance, then the SCBA, if there is no SVA, AMIA, SCBA, then the PMUSEA; if there is no SVA, AMIA, SCBA or PMUSEA balance then the PMIEA; if there is no SVA, AMIA, SCBA or PMUSEA, or PMIEA balance, then the AMEA; if there is no SVA, AMIA, SCBA, PMUSEA, or PMIEA balance, then the AMIA, if there is no SVA, AMIA, SCBA, PMUSEA, PMIEA, or AMEA, SBDO balance then the Model Portfolios in the order of the magnitude of their risk from the least risky to the most risky. Within the Model Portfolios themselves, the respective constituent accounts shall be debited in accordance with the hierarchy above. A monthly administrative fee specified by the Board will be deducted from the participants' or participant's beneficiary(ies) accounts on a uniform basis in order to cover administrative costs.
- B. At each year-end, the TPA shall analyze all new investment Account and/or Portfolio balances for each participant or participant's beneficiary(ies), posting \$20 administrative fee to the appropriate Account and/or Portfolio as delineated above.
- C. The TPA shall instruct all disbursing investment companies for the AMIA, SCBA, AMEA, PMUSEA, PMIEA, and SDBO and the Custodian for the SVA to wire fees due to the City to the Administrative Account. The TPA shall instruct the Custodian to transfer funds to the disbursing account and mail check to the City for said fees.

**XVI. Investment Consultant, Investment Manager, SVA Consultant, and SVA Manager Fees**

- A. Investment Consultant Fee – The TPA shall charge each participant or participant's beneficiary(ies), with an investment Account and/or Portfolio balance in the SVA, AMIA, SCBA, PMUSEA, PMIEA and AMEA, an investment consulting fee as mutually agreed between the Plan and the Investment Consultant. All fees are incurred and charged at the Plan account level.
- B. Investment Manager Fee – For funds allocated to the AMEA and the AMIA and the SCBA, Investment Manager shall have full management discretion to purchase and sell mutual funds, subject however to such goals and guidelines as are approved by the

Board from time to time. In consideration of these investment management services, the TPA shall charge each participant or participant's beneficiary(ies) with an account balance in the AMEA and the AMIA an investment management fee as mutually agreed between the Plan and the Investment Manager in addition to the charges set for in XV(A).

- C. SVA Consultant Fee – The TPA shall charge each participant or participant's beneficiary(ies) with an investment account and/or Portfolio balance in the SVA an SVA investment consultant fee as mutually agreed between the Plan and the SVA consultant.
- D. SVA Manager Fee – The TPA shall charge each participant or participant's beneficiary(ies) with an investment account and/or Portfolio balance in SVA an SVA manager fee as mutually agreed between the Plan and the SVA Manager.

**XVII. 12b-1 Fees and Mutual Fund Administrative Services Expenses**

Any credits of 12b-1 fees and credits for mutual fund administration expenses shall be collected by the TPA and in return the TPA shall reduce the fee it charges to participants or participant's beneficiary(ies) in the appropriate accounts by an equivalent amount.

**XVIII. Class Action Settlement Proceeds**

- A. If the proceeds do not exceed \$1,000, the proceeds shall be used to offset Plan expenses.
- B. If the proceeds exceed the \$1,000, the proceeds shall be allocated on a pro-rata basis to the affected active Plan participants.

**XIX. Quarterly Reporting**

- A. American United Life and T. Rowe Price shall prepare and mail standard quarterly tape to the TPA within 10 business days after the end of each quarter.
- B. The TPA shall consolidate quarterly tape and/or electronic file date, prepare quarterly bulletin, and prepare and mail consolidated statements of account to participants or participant's beneficiary(ies) and prepare and deliver summarized quarterly Plan value reports to the City at the Office of the Executive Director, City Hall, 200 E. Wells Street, Milwaukee, WI 53202, no later than 10 business days after the end of each quarter.

**XX. Investment Account Evaluation**

- A. There shall be a written evaluation of the performance of each of the Plan's investment Accounts and Portfolios, prepared and distributed to the Board no less frequently than quarterly. The evaluation shall be prepared by the Executive Director, any third party whom the Board appoints for this purpose, or a combination of the two. The evaluation shall include a discussion of the Portfolios' and Accounts' investment return as it relates to the each Account's or Portfolio's investment guidelines, including policy goals, benchmarks and portfolio construction. Benchmarks shall be in accordance with the Investment Goals and Guidelines, which shall be approved by the Board.
- B. The SVA evaluation shall include an analysis of the Application of Performance Benchmarks prepared in the following manner:
1. Principal Preservation – SVA investment returns (net of the Portfolio Manager's fee) must be positive over all time periods.
  2. Positive Real Rate of Return – Over longer time periods, it is expected that SVA investment returns (net of the Portfolio Manager's fee) will be greater than inflation as measured by the Consumer Price Index.
  3. The SVA Manager shall provide performance, marked to market, to build comparisons to competitors.
  4. The SVA Manager shall provide marked to market information on the managed bond portfolios, net of all fees including theirs, so that a comparison can be made to competing managers and an evaluation of their selections.
- C. The AMIA evaluation shall include an analysis of the Application of Performance Benchmarks prepared in the following manner:
1. Strategy Evaluation – Because investors in the AMIA experience more variability in return, including the possibility of negative returns over a year's time, the AMIA is expected to produce a higher total return than the Stable Value Account, when measured over a 5 year time horizon. As a fixed income strategy with less risk of loss than the equity-oriented accounts, it is expected to under perform the equity-oriented accounts over time.
  2. Investment Fund Selection – Over shorter and longer time periods, each of the mutual funds used in the AMIA will be compared to the average of its peer group.
- D. The SCBA evaluation shall include an analysis of the application of Performance Benchmarks prepared in the following manner:

SCBA is designed to equal or exceed the returns from the Lipper Balanced Fund Average over a cycle, normally five years or longer.

- E. The PMUSEA evaluation shall include an analysis of the application of Performance Benchmark's prepared in the following manner:

PMUSEA is designed to track the performance of a broad U.S. stock market Index.

- F. The PMIEA evaluation shall include an analysis of the application of Performance Benchmarks prepared in the following manner:

PMIEA is designed to track a broad international stock market Index.

- G. The AMEA evaluation shall include an analysis of the application of Performance Benchmarks prepared in the following manner:

1. The AMEA is designed to outperform the broad U.S. equity market over market cycles, but with less volatility than the U.S. equity market through active investment strategies and active management of the fund selections and allocations among the funds.
2. Performance will be measured on an on-going basis and evaluated compared to the PMUSEA. The AMEA is expected to outperform the PMUSEA on a rolling 5-year basis with less volatility of return, measured as standard deviation of results.

**XXI. QDRO – Qualified Domestic Relations Order Procedure**

- A. Nationwide will send acknowledgement of receipt letter to the participant and the Alternate Payee.
- B. Nationwide will analyze the Order and submit it for approval to the Deferred Compensation office along with a cover letter.
- C. Deferred Compensation office will approve/deny based on Nationwide's recommendation and its own analysis, seeking City Attorney's advice when necessary.
- D. Nationwide will send out award notification letters to the participant and the Alternate Payee along with copies of the executed QDRO and include beneficiary forms, Plan investment forms and access information to the Alternate Payee indicating that funds are not eligible for withdrawal until participant's separation from service.
- E. Nationwide will keep the originals in the participant's file and copies in the Alternate Payee's file. Deferred Compensation office will retain a copy of the QDRO and the cover letter.

Adopted:	08-11-81		
Amended:	10-13-87	08-03-00	03-16-06
	08-19-93	02-01-01	12-05-08
	05-02-96	11-15-01	05-19-11
	08-01-96	03-14-02	08-25-11
	11-21-96	11-21-02	11-17-11
	02-06-97	02-06-03	
	08-07-97	08-05-04	
	08-06-98	01-20-05	
	11-18-99	11-17-05	
	5-8-14 – Revisions reflective of automation of Model Portfolios and the roles of Investment Consultant, Investment Manager and SVA Consultant		
	5-16-19 – Section I. – Item D. Participant Eligibility added		