

CITY OF MADISON

Education Guidelines for City of Madison 457 Deferred Compensation Plan

PURPOSE

The City of Madison (the “City”) sponsors a deferred compensation plan (the “Plan”), as permitted under Section 457 of the Internal Revenue Code of 1986, as amended. Applicable law authorizes the Deferred Compensation Committee of the City’s Common Council (the “Committee”) to make and implement all necessary decisions related to the Plan.ⁱ The Committee has decided to provide participants in the Plan (“Participants”) with educational resources to help make investment and retirement-related decisions.

The purpose of these Education Guidelines is to document the Committee’s education philosophy and establish guidelines designed to foster adherence to the philosophy. The objective of these Educational Guidelines is to give Participants the educational resources they need to best use the Plan and make wise financial decisions. Fundamentally, the Committee wants to empower Participants with education, allowing them to confidently plan for retirement and make retirement related decisions.

EDUCATION PHILOSOPHY

The Committee believes that effective education enhances Participants’ understanding of how the Plan works and the benefits it provides. The Committee further believes that effective education encourages Participants to appropriately plan for their financial futures and ready them for retirement by:

- Teaching employees the benefits associated with participating in the Plan, resulting in increased participation rates;
- Explaining how maximizing income deferrals may positively benefit a Participant, resulting in increased deferral rates;
- Advising Participants on the operations of the plan, including the impacts of preretirement distributions, rollovers and direct transfers, resulting in prudent Participant decisions;
- Describing Plan investment alternatives (e.g., the investment objectives, risk and return characteristics, historical returns, prospectuses, and general asset classes of investments available under the Plan), allowing Participants to make suitable investment decisions of their own;
- Informing Participants of general financial and investment concepts (e.g., risk and return, diversification, dollar cost averaging, compounded returns, tax deferred investment, historical returns of difference asset classes, inflation, estimation of future financial need, investment time horizon and risk tolerance); and
- Empowering participants to make informed financial decisions.

GUIDELINES

As it deems necessary, the Committee will use vendors, educators and independent service providers to create educational materials and serve as resources for Participants.

Annual Planning

The Committee will annually discuss Participants' educational needs and develop (or modify) an annual education plan to address such needs. Annual planning will generally include for all relevant vendors: (1) setting educational goals for the coming year, (2) establishing a communication calendar, which will schedule Participant touch-points (Plan trainings, educator office-hours, broadcast emails, webcasts, etc.), and (3) identifying special projects to pursue (marketing campaigns, developing materials, implementing tools, etc.).

Monitoring & Adjustment

The Committee intends to monitor and measure the educational success against qualitative and quantitative Plan metrics. At its discretion, the Committee may adjust the plans based on its performance, or as circumstances may otherwise require.

Qualitative measures may include, but are not limited to, assessing whether educational efforts are:

1. Increasing Participants' financial preparedness for retirement;
2. Promoting Participants' appreciation of the Plan's benefits;
3. Encouraging Participants' to take responsibility for their retirement savings;
4. Empowering Participants' to make prudent financial decisions and Plan choices; and
5. Fostering the use of educational resources.

Quantitative measures may include, but are not limited to, assessing if:

1. Plan participation is increasing;
2. Deferral rates are increasing;
3. Asset allocation is enhanced; and
4. Average account balances are increasing.

Investment Advice

Neither the Committee nor the service providers it retains will provide investment advice to the Plan participants. No specific investment recommendations will be provided to Participants. These Educational Guidelines are intended to be applied and interpreted consistently with the safe harbor provided in 29 CFR 2509.96-1 (the Committee recognizes that the ERISA rules described therein are not directly applicable, but has adopted this approach in an attempt to conform to the fiduciary best practices evidenced by such guidance).ⁱⁱ

OTHER EDUCATIONAL PROVISIONS

Roles and Responsibilities

The Committee is responsible for the implementation, maintenance and monitoring of the procedures set forth in these Educational Guidelines. The Committee may retain, supervise and terminate educators and service providers, as it deems necessary to implement these Educational Guidelines. Educators and service providers retained by the Committee will be responsible to provide education in accordance with these Educational Guidelines.

Plan Provisions Govern

These procedures are not meant to interpret, extend or change the provisions of the Plan in any way. The provisions of the Plan may only be determined accurately by reading the actual Plan document. If these procedures are inconsistent with the Plan, the Plan shall govern in every case.

Change in Law

If these procedures are inconsistent with a change in the law, regulations or rulings affecting retirement plans, the new law, regulations or rulings will control the operation of the plan.

Amendment

These Educational Guidelines may be amended by the Committee from time-to-time if deemed advisable.

Adoption of Educational Guidelines

The Committee adopts these Educational Guidelines on behalf of the City by formal action of the Committee as reflected in the minutes of this body.

Date adopted – [Date]

ⁱ Madison General Ordinance Section 33.27(2)(d), found here:

https://library.municode.com/wi/madison/codes/code_of_ordinances?nodeId=CD_ORD_MADISON_WISCONSIN_VOLUM_E_IV_CHAPTERS_32--45_CH33BOCOCO_33.27STCO

ⁱⁱ See: <https://www.govinfo.gov/content/pkg/CFR-2015-title29-vol9/pdf/CFR-2015-title29-vol9-sec2509-96-1.pdf>