

**ADOPTION AGREEMENT
CITY OF MADISON
POST-RETIREMENT SICK LEAVE CONVERSION MEDICAL REIMBURSEMENT
PLAN 1**

The Employer named below establishes The Post-Retirement Sick Leave Conversion Medical Reimbursement Plan (the "Plan ") for eligible Employees, as provided in this Adoption Agreement.

1. Employer Information

Employer Name and Address:

City of Madison
210 Martin Luther King Jr. Blvd, Rm. 501
Madison, WI 53703
Tax ID #: 39-6005507

2. Plan Information

(a) Effective Date of Plan: October 1, 2006

(b) Plan Number: 001

Trust Intent and Purpose.

(c) The City of Madison Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 1 Prime Trust (the "Trust") shall be used to provide reimbursement to an eligible Participant for expenses incurred by the Participant for "medical care" of the Participant, the Participant's legal spouse and the Participant's "dependents" in accordance with the following plan established by the Employer:

City of Madison Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 1

For this purpose, "medical care" is defined in section 213(d) of the Internal Revenue Code, and "dependents" is defined in section 152 of the Internal Revenue Code as modified by the last sentence of section 105(b) of the Internal Revenue Code.

3. Participant Eligibility Requirement

Classification and Eligible Groups:

Participation in this Plan is limited to “Retirees” who are eligible participants under the various labor agreements covering employees of City of Madison allowing participation in the Plan and all non-represented City employees who are eligible under this Plan. For this purpose, a “Participant” is a Retiree:

- (a) Who is a retired employee of the City of Madison, on or after October 1, 2006, in accordance with the provisions under his / her employment policy with the City and meets the other requirements for eligibility, including Retirement, set forth herein.

A “Retiree” is sometimes called a “Participant” for purposes of this Adoption Agreement”.

The above definition of a “Retiree” use the term: “Retiree” and the term “Employment Policy” Those terms have the following meanings:

“Retiree” means an employee:

- (b) who is/was employed by City of Madison and,
- (c) who is a covered employee subject to the PRIME-Choice labor language of the City of Madison or is a non-represented employee eligible under the Plan .

Nondiscrimination Requirements: This Plan is self-insured. As a result, nondiscrimination rules under the Internal Revenue Code Section 105(h) apply.

4. Plan Contributions

Employer Contributions:

The employer may make contributions on behalf of eligible participants at the discretion of the employer. Such contributions can be modified or terminated at any time without notice. Contributions shall be made from the value of the Participant’s accumulated sick leave to the plan by the employer based upon the objective questions presented to the employee at the time of retirement, as more fully described in the attached Appendix A.

Contribution Limits

No Retiree may choose to have Employer contributions paid in cash in lieu of contribution to the Plan.

The contributions do not count toward the limits defined in Internal Revenue Code section 415.

5. Vesting Schedule

a. Vesting Schedule under the Plan:

Each Participant shall acquire a vested percentage in his or her Employer contributions account as specified in the following vesting schedule:

All contributions are 100% full and immediately vested upon meeting eligibility requirements.

Other Vesting Schedule (describe): _____

b. Satisfaction of Service Requirement Upon Rehire:

If the Participant is rehired by the Employer, periods of service prior to the rehiring shall not apply toward the vesting schedule.

c. Other Conditions Resulting in 100% Vesting.

A Participant's account will become 100% vested upon the Participant's death, disability or reaching Retirement.

d. Definition of Retirement

Age 55, or age 50 for protective service employees, and eligible for retirement with Wisconsin State Retirement System and;

Separated from service in accordance with the various employment policies covering employees with the City of Madison.

e. Forfeiture of Non-Vested Funds.

When a Participant terminates employment with the Employer, his or her non-vested funds shall revert to the Employer.

f. Forfeiture due to the Death of a Participant.

In the event a deceased Participant has no surviving spouse or dependents, his /her Account Balance shall be forfeited and returned to the Employer.

6. Participant Investment Direction

a. Pre-Retirement Fixed Account:

Funds shall be invested in a guaranteed fixed interest-bearing instrument. Before retirement, Participants shall not be permitted to direct the investment of their accounts in accordance with the Trust Agreement.

b. Post-Retirement Self-Directed Account:

Funds shall be invested in a guaranteed fixed interest-bearing instrument. After Retirement, Participants shall be permitted to direct the investment of their accounts in accordance with the Trust Agreement.

7. Post Retirement Benefits

a. Benefit Payments

Participants may receive benefits beginning with the Employer's mandatory contribution of Accrued Sick Leave or other Employer Contributions to the Participant's account with the Plan after the Participant's retirement.

Dependents of a Participant who are covered under the Plan at the Participant's death may continue to receive reimbursements from the Participant's account balance.

8. General Provisions

General Employer Provisions:

a. Precision Retirement Group provides services and sample documents to assist the Employer in establishing the Plan. The Employer is responsible for obtaining its own legal and investment review before the Employer establishes the Plan. The Employer may request a ruling on the Plan from the Internal Revenue Service.

b. The Employer is responsible for the establishment and administration of the Plan. The Employer chooses the investment options and is responsible for investments as provided under the Trust Agreement.

c. The Employer appoints J. D. Benefits, Inc. to provide administrative services for the Plan. J. D. Benefits, Inc. will provide services under the terms of a separate Administrative Services Agreement. The Employer shall provide contribution information and participant eligibility information to the third-party Retiree Plan as necessary to administer the Plan. The Participant's Account shall be responsible for paying Plan fees and Participant account administration fees as specified in the Administrative Services Agreement.

d. The Employer reserves the right to alter, amend or terminate the Plan at any time for any reason. Upon termination, any investments or assets held by the Trust shall be subject to the provisions of the Trust Agreement.

e. The Employer has the discretion and exclusive right to interpret the Plan and to decide all matters arising under the Plan, including the discretion and right to make determinations of fact, and construe and interpret possible ambiguities, inconsistencies, or omissions in the Plan and SPD issued in connection with the Plan.

General Participant Provisions

a. Participant's right to receive benefits shall not be alienable by the Participant, by assignment or any other method.

b. For the purposes of this Adoption Agreement, a dependent is defined in section 152 of the Internal Revenue Code as modified by the sentence of section 105(b) of the Internal Revenue Code.

c. If a Participant dies without a surviving spouse or any surviving dependents (as defined in section 152 of the Internal Revenue Code as modified by the last sentence of section 105(b) of the Internal Revenue Code), then the deceased Participant's entire account balance will be forfeited to the Employer.

9. Acknowledgments and Signature

The Employer attests that it is a division, agency or instrumentality of a state or local governmental entity and performs an essential governmental function.

The Employer acknowledges that it must properly complete this Adoption Agreement to adopt the Plan.

CITY OF MADISON

By: _____
Mayor

City Clerk

APPROVED:

Comptroller

City Attorney

J.D. Benefits, Incorporated

By: _____

Title: _____

This specimen trust document is for illustrative purposes only presented by Precision Retirement Group, Inc. and J. D. Benefits, Inc. for the consideration of a plan sponsor's legal counsel and reflects guidance as of 01/01/2006. Additional modifications to the plan may be required should subsequent statutes or regulatory guidance be issued. Because specific facts, circumstances, and laws of various states may impact your Post Retirement Medical Expense Plan, interested parties should consult their attorneys regarding any modifications that may be required.