

**CITY OF WAUKESHA
ELIGIBLE DEFERRED COMPENSATION PLAN**

PLAN HIGHLIGHTS

Note: These Plan Highlights describe the benefits available under the City of Waukesha Eligible Deferred Compensation Plan. The City of Waukesha, in addition to maintaining this Plan, is also a participating employer in the Wisconsin Deferred Compensation (“WDC”) program, which is maintained by the State of Wisconsin. If you meet the eligibility conditions described below, you may participate in either the City of Waukesha’s plan described in these Plan Highlights or the WDC program described at http://etf.wi.gov/members/benefits_def_comp.htm.

PARTICIPATION

You are eligible to participate in the City of Waukesha Eligible Deferred Compensation Plan (the “Plan”) if you are an employee of the City of Waukesha (the “City”), you are not a seasonal or limited term employee, and you are scheduled to work at least 20 hours per week. The Plan is an “eligible” plan described in section 457(b) of the Internal Revenue Code.

**DEFERRED
COMPENSATION**

You may elect to have the City defer a portion of your compensation on either a pre-tax basis or after-tax basis, and have that amount allocated to an account under a group annuity contract with one of the following insurance companies: Mutual of America, Met Life, Nationwide or ICMA-RC. Amounts contributed on an after-tax basis are “Roth” contributions. Your salary deferral election will be effective as soon as administratively feasible after you submit your election. The amount of compensation that you may defer is limited each year by the Internal Revenue Code. For 2015, the limit is \$18,000 if you are under age 50 the entire year and \$24,000 if you are age 50 or older at any time during the year. The IRS may periodically increase the limit for cost-of-living adjustments.

In the last three years before the year that includes your 65th birthday, you may be able to make special “catch-up” deferrals to make up for any prior years that the Plan was in existence in which you did not defer the maximum amount. The deferral limit in a “catch-up” year is the lesser of:

- Twice the normal annual limit that otherwise applies; or
- The normal annual limit that otherwise applies plus the unused potential deferrals from the years in which you did not defer the maximum amount.

If you defer the maximum amount to the Plan that you are allowed in every year, then you may not make catch-up deferrals. You may not contribute both the higher “age 50” amount and the special catch-up amount in the same calendar year, even if you are eligible for both.

ACCOUNTS

If you elect to participate in the Plan, the insurance company that you select for your deferred compensation investments will maintain an Account that reflects your accrued benefits under the Plan. The insurer will maintain a record of the amount of pre-tax contributions and Roth contributions to your Account.

EARNINGS

Your Account will be invested in funds that you select from options made available by the insurer. The insurer will credit your Account with earnings (gains or losses) that correspond with the investments that you select.

VESTING

Your Account under the Plan is fully vested and nonforfeitable at all times.

CLAIMS AND APPEALS

When you become eligible for a distribution from the Plan (see below), you may file an application with the City of Waukesha. If the City approves your claim, your application will be forwarded to the insurer that holds your Account. If the City denies your claim, in whole or in part, you will have 60 days from the day you receive the denial notice to appeal the denial of your claim. The City must decide your claim or your appeal within certain time limits that are set forth in the Plan document. You have the right to submit written comments, documents, records or any other information relating to your claim. If you die before you receive all of your benefits under the Plan, your beneficiary is entitled to the same claim and appeal rights that you have. You may request a copy of the claims and appeals procedures set forth in the Plan from the City's Human Resources department.

DISTRIBUTIONS

Distributions will be made from your Account only after one of the following events occurs:

- You experience an unforeseeable emergency
- You terminate your employment with the City of Waukesha
- You die
- The City of Waukesha terminates the Plan

You may elect to receive benefits as soon as administratively possible after your termination of employment. Alternatively, you may elect to defer the commencement of distributions to a date, selected by you, that is no later than the April 1 following the later of the calendar year in which you reach age 70-1/2 or the calendar year in which you retire.

If you experience an unforeseeable emergency, as determined by the City's Deferred Compensation Board, the amount needed to address the emergency will be distributed to you in a single lump sum

payment. If you terminate your employment with the City, your benefit will be paid in a form made available by the insurer that holds your Account, as selected by you. If the insurer's annuity contract does not specify payment options, then you may elect to receive your benefit in one of the following forms:

- A lump-sum payment in cash
- A payment (or a series of payments) in cash in the amount(s) that you specify
- A payment in cash of the amount obtained by redeeming the number of fund shares (if applicable) that you specify
- Substantially equal monthly, quarterly, semi-annual, or annual installment payments in cash, over a period not to exceed your life expectancy or the joint life expectancies of you and your designated beneficiary
- The application of your Account to the purchase of an individual non-transferable immediate or deferred annuity contract
- A lump-sum distribution in kind of an annuity contract
- A lump-sum distribution in kind of a life insurance contract
- A direct rollover to another eligible retirement plan

If you die before receiving your entire Account, your designated beneficiary will receive the remainder of your benefits.

TAX TREATMENT

If you contributed amounts to the Plan on a pre-tax basis, then those amount, and the earnings on those amounts, are not taxed until they are distributed to you.

Unlike pre-tax contributions, Roth contributions are subject to income tax at the time of the contribution. But those contributions are not taxed again when they are distributed to you from the Plan. Furthermore, if the distribution of Roth after-tax elective contributions is considered "qualified," then the earnings on the contributions will not be subject to income tax when distributed from the Plan. A distribution from your Roth Account will be considered "qualified" only if the distribution is on or after you reach age 59-1/2, you become disabled or you die, and the distribution is not before the end of the five-year period that begins with the first year for which you made a Roth contribution to the Plan, or if earlier, the first year for which you made a Roth contribution to another employer's plan that accepts Roth contributions that you rolled over to the Plan. Both pre-tax contributions and Roth contributions are subject to Social

Security taxes at the time of the contribution. The City of Waukesha will deduct the Social Security taxes and, in the case of Roth after-tax contributions, income taxes from your remaining compensation.

**IN-PLAN ROTH
ROLLOVERS**

If you already have funds in a pre-tax Account under the Plan and the insurer that holds your Account allows “in-plan Roth rollovers,” you may elect to have the insurer transfer any amount from your pre-tax Account to a Roth Account. If you do that, you will be required to pay income taxes on the amount transferred in the year the transfer occurs.

**ROLLOVERS FROM
QUALIFIED
RETIREMENT PLANS
OF OTHER
EMPLOYERS**

If you are entitled to receive an eligible rollover distribution from another eligible retirement plan of another employer (whether or not the other employer is a government employer), then you may request to have all or part of a distribution from the other plan rolled over to this Plan and invested in one of the annuity contracts that is offered under this Plan. The amount rolled over will be maintained in an Account that is separate from the Account that holds your pre-tax or Roth contributions. You may take a distribution of all or a portion of your Rollover Account at any time, even while you are still working for the City of Waukesha.

**TRANSFERS TO OR
FROM OTHER
GOVERNMENT 457(b)
PLANS**

If you participated in a government-sponsored eligible deferred compensation plan before you became employed by the City of Waukesha, the City may enter into a transfer agreement with the government-sponsor of the other plan under which the Plan will accept a transfer of your benefit from the other government plan. Similarly, if, after you terminate employment with the City of Waukesha, you become employed by a government sponsor of another eligible deferred compensation plan, the City may enter into a transfer agreement with the other government to transfer your Account in the Plan to the other government’s eligible deferred compensation plan.