

August 17, 2023

Beth Conradson Cleary
Executive Director
City of Milwaukee 457(b) Deferred Compensation Plan

Re: Secure 2.0, Provision 306
Modification to the "First Day of the Month Rule"

The City of Milwaukee Deferred Compensation Plan currently follows the governmental 457(b) requirement, whereby plan participants must make a deferral election in the month prior to the month in which compensation is paid. This is different than the rules surrounding 401(k) and 403(b) Plans, in which the election would become effective as soon as "administratively possible". The Secure 2.0 legislation includes an optional provision, which effectively eliminates the requirement for 457 Plan deferral elections to become effective the following month and aligns the timing with that of 401(k) and 403(b) plans, meaning that 457 deferral election changes can now be made as soon as "administratively possible".

In working with the Deferred Compensation Plan office, we would like to propose that the change to the deferral timing, if approved, be implemented in December 2023, which would be in line with the Plan's move to Voya's latest recordkeeping platform. The change to the new platform will be seamless to participants but would afford us the opportunity to make this change to the payroll schedule without needing to secure separate Voya IT resources.

Below are examples of the current timing a deferral deduction, versus what the future state might look like:

Example of Current State:

Participant Election Change Date: December 1, 2023
Participant Election Sent to City: December 21, 2023
Payroll Deduction Date: January 4, 2024

Example of Future State:

Participant Election Change Date: December 1, 2023
Participant Election Sent to City: December 7, 2023
Payroll Deduction Date: December 21, 2023

Thank you for your consideration.

Adria Campbell
VP, Strategic Relationship Manager
Voya Financial