



CITY OF *Houston*

457 DEFERRED COMPENSATION PLAN

YOUR PLAN FEATURES AND HIGHLIGHTS

The City of Houston 457 Deferred Compensation Plan is a powerful tool to help you reach your retirement dreams. As a supplement to other retirement benefits or savings that you may have, this voluntary Plan allows you to save and invest extra money for retirement through before-tax and after-tax contributions.

Not only do you have a choice of before-tax or after-tax contributions, but through the Plan you may build extra savings consistently and automatically, select from a variety of investment options and learn more about saving and investing for your financial future.

Read these highlights to learn more about your Plan and how simple it is to enroll. If there are discrepancies between this document and the Plan Document, the Plan Document will govern.

GETTING STARTED

What is a 457 deferred compensation plan?

A governmental 457(b) deferred compensation plan (457 plan¹) is a retirement savings plan available to state and local governments that allows eligible employees to supplement any existing retirement and pension benefits by saving and investing before-tax or after-tax dollars through a voluntary salary deferral. Contributions and any potential earnings on before-tax contributions are tax-deferred until money is withdrawn. After-tax contributions are made to a Roth account, which means you may be eligible to withdraw these contributions and any earnings on a tax-free and penalty-free basis.

Why should I participate in the Plan?

You should participate if you are interested in saving and investing additional money for retirement and/or potentially reducing the amount of current federal income tax you pay each year (if you contribute on a before-tax basis.)

Your City of Houston 457 Plan can be an excellent tool to help make your future more comfortable.

You may also qualify for a federal income tax credit by participating in this Plan. For more information about this tax credit, please contact your Empower Retirement representative.

Is there any reason why I should not participate in the Plan?

Participating may not be advantageous if you are experiencing financial difficulties, have excessive debt, do not have an adequate emergency fund (typically in an easy-to-access account) or are contributing on a before-tax basis and expect to be in a higher tax bracket during your retirement.

Who is eligible to enroll?

All current full-time and regular part-time employees of the City of Houston are immediately eligible to participate in the Plan.

How do I enroll?

Complete the appropriate enrollment forms, indicating the amount you wish to contribute, your investment option selection(s) and your beneficiary designation(s). Please return the forms to your Empower representative.

What are the contribution limits?

In 2017, the maximum contribution amount is 100% of your compensation less any mandatory before-tax contributions to a governmental pension plan or \$18,000, whichever is less.

Participants in the 457 Plan have two different opportunities to catch up and contribute more during the final years of their career. The Standard Catch-up provision allows participants in the three calendar years prior to normal retirement age to contribute more to the 457 Plan (up to double the annual contribution limit—\$36,000 in 2017).

The additional amount that you may be able to contribute under the Standard Catch-up provision will depend upon the amounts you were eligible to contribute in previous years but did not. Also, participants turning age 50 or older in 2017 may contribute an additional \$6,000. You may not use the Standard Catch-up provision and the Age 50+ Catch-up provision in the same year. Please contact your Empower representative² for more information about these catch-up provisions.

What are my investment option choices?

A wide array of core investment options is available through your Plan. Each option is explained in further detail in your Plan's fund data sheets. Once you have enrolled, investment option information is also available through the website at www.houstondcp.com and the voice response system toll free at (800) 701-8255. The website and voice response system are available to you 24 hours a day, seven days a week.

In addition to the core investment options, a self-directed brokerage account (SDBA) is available. The SDBA is offered through TD Ameritrade. The SDBA allows you to select from numerous investment options for additional fees. The SDBA is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDBA.

MANAGING YOUR ACCOUNT

How do I keep track of my account?

Empower will mail you a quarterly account statement showing your account balance and activity. You will also receive separate statements from TD Ameritrade that will detail the investment holdings and activity within your TD Ameritrade account, including any fees and charges imposed in connection with the SDBA.

You can also check your account balance and move money among investment options on the website at www.houstondcp.com, or by calling the voice response system at (800) 701-8255.³

How do I make investment option changes?

Use your personal identification number⁴ (PIN) and username to access either the website or voice response system. You can move all or a portion of your existing balances among investment options (subject to Plan rules) and change how your payroll contributions are invested.³

How do I make deferral changes?

Fill out a Salary Reduction Agreement form available from your Empower representative.

ROLLOVERS

May I roll over my account from my former employer's plan?

Yes, but only approved balances from an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or an IRA may be rolled over to the Plan. Please check with your Empower representative regarding any applicable fees on the rollover account. You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitations of investment options.

May I roll over my account if I leave employment with my current employer?

If you sever employment with your current employer, you may roll over your account balance to another 401(k), 403(b), 401(a) or eligible governmental 457(b) plan, if your new employer's plan accepts such rollovers. You may also roll over your account balance to an IRA.

Please keep in mind that if you roll over your 457 Plan balance to a 401(k), 403(b) or 401(a) plan or an IRA, distributions taken before you have reached age 59½ may be subject to the 10% early withdrawal federal tax penalty. The 10% early withdrawal penalty does not apply to 457 plan withdrawals. Please contact your Empower representative for more information.²

DISTRIBUTIONS

When can I receive a distribution from my account?

You can obtain a distribution from your 457 account (before-tax or Roth after-tax deferrals) upon the occurrence of one of the following qualifying events:

- Retirement or the attainment of age 70½
- Unforeseeable emergency (as defined by the Internal Revenue Code and your Plan's provisions)
- Severance of employment (as defined by the Internal Revenue Code provisions)
- Death (your beneficiary receives your benefits)
- In-service transfer to purchase service credit

Each before-tax distribution is subject to ordinary federal income tax unless it is rolled over to another eligible plan or IRA or if it is an in-service transfer to purchase service credit.

Your Roth distributions will not be subject to income tax or penalties if you withdraw your Roth contributions and any earnings after you have reached a qualifying event (as listed above), have held the account for at least five taxable years and:

- You are at least age 59½; or
- You become disabled; or
- You die (after which your beneficiaries will take the withdrawal).

What are my distribution options?

- 1) Leave the value of your account in the Plan until a future date.
- 2) Receive:
 - Periodic payments;
 - Fixed annuity payments;
 - Partial lump-sum payments with remainder paid as periodic payments or annuity payments; or
 - A lump-sum payment.
- 3) Roll over your account balance to a 401(k), 403(b), 401(a) or an eligible governmental 457(b) plan or to an IRA. Please keep in mind that if you roll over your 457 Plan balance to a 401(k), 403(b) or 401(a) plan or to an IRA, distributions taken before age 59½ may be subject to the 10% early withdrawal federal tax penalty. The 10% early withdrawal penalty does not apply to 457 plan withdrawals.

What happens to my account when I die?

Your designated beneficiary(ies) will receive the remaining value of your account, if any. Your beneficiary(ies) must contact an Empower representative to request a distribution.

FEES

Are there any recordkeeping or administrative fees to participate in the Plan?

There are currently no explicit fees charged to the participants for recordkeeping or administrative services.

Are there any fees for the investment options?

Each investment option has an investment management fee that varies by investment option. These fees are deducted by each investment option's management company before the daily price or performance is calculated. Fees pay for trading of securities within the investment options and other management expenses. Funds may impose redemption fees on certain transfers, redemptions or exchanges.

There are additional quarterly fees and/or transaction fees to participate in the SDBA option. Please see your Plan's website at www.houstdncp.com for more information.

LOANS

May I take a loan from my account?

Your Plan allows you to borrow the lesser of \$50,000 or 50% of your total account balance. The minimum loan amount is \$1,000, and you have up to five years to repay your loan—up to 15 years if the money is used to purchase your primary residence. There is also a \$50 origination fee for each loan, which is deducted from the loan proceeds, plus a \$6.25 ongoing quarterly maintenance fee.

TAXES

How does my participation in the Plan affect my taxes?

Before-tax contributions:

Because your contributions are taken out of your paycheck before taxes are calculated, you may pay less in current federal income tax.

You do not report any current earnings or losses in your account on your current income tax return either. Your account is tax-deferred until you withdraw money, usually during retirement.

Distributions from the Plan are taxable as ordinary income during the years in which they are distributed or made available to you or to your beneficiary(ies).

After-tax Roth contributions:

Contributions are taken out of your paycheck after the money is taxed. You do not report current earnings or losses in your account on your current income tax return. Any earnings from your Roth account may be withdrawn on a tax-free and penalty-free basis if the distribution meets the qualifications described in the Distributions section.

INVESTMENT ASSISTANCE

How can I get help choosing my investment options?

Your Plan has a service called Empower Retirement Advisory Services (Advisory Services), provided by Advised Assets Group, LLC (AAG), a registered investment adviser. With the Managed Account service, you can have AAG manage your retirement account for you, or if you prefer to manage your retirement account on your own, you can use the Online Investment Guidance and Online Investment Advice tools. These services provide a retirement strategy based on your investment goals, time horizon, and risk tolerance.

For more detailed information, please visit your Plan's website at www.houstondcp.com; enter your username and PIN,⁴ then click on the *Advisory Services* tile. You may also call the voice response system at (800) 701-8255 to speak with an AAG investment adviser representative.

What fees do I pay to participate in Advisory Services?

While the Online Investment Guidance is offered at no additional cost to you, there is a \$25 annual fee assessed at \$6.25 quarterly for Online Investment Advice.

If you choose to have AAG manage your account for you, the annual Managed Account service fee is based on a percentage of your account balance, as follows, and is assessed quarterly.

Participant Account Balance	Annual Managed Account Fee
Less than \$100,000	0.40%
Next \$150,000	0.30%
Next \$150,000	0.20%
Greater than \$400,000	0.10%

The fees for Online Investment Guidance and the Managed Account Service are currently covered by the Plan's reallocation program. Please be advised this is subject to change.

There is no guarantee that participation in any of the advisory services will result in a profit or that the account will outperform a self-managed portfolio invested without assistance.

How do I get more information?

Visit the website at www.houstondcp.com or call the voice response system toll free at (800) 701-8255 for more information. The website provides information regarding your Plan, financial education information, financial calculators and other tools to help you manage your account.

Call or visit your local Empower office at:

1818 N. Memorial Way, Suite 100
Houston, TX 77007
Local: (713) 426-5588
Toll free: (877) 313-7693
Office hours: 8:30 a.m. to 5 p.m. Central time,
Monday through Friday

or

City of Houston
611 Walker, 11th Floor
Houston, TX 77002
Local: (832) 393-9062
Office hours: 8 a.m. to 12:30 p.m. and 1 p.m. to 4:30 p.m.
Central time, Tuesday through Thursday

Walk-in only. No correspondence accepted.

1 All references to the 457 Plan are to a governmental 457(b) plan.

2 Representatives of Empower Retirement do not offer or provide investment, fiduciary, financial, legal or tax advice or act in a fiduciary capacity for any client unless explicitly described in writing. Please consult with your investment advisor, attorney and/or tax advisor as needed.

3 Transfer requests made via the website and/or the voice response system received on business days prior to close of the New York Stock Exchange (4 p.m. Eastern time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

4 The account owner is responsible for keeping the PIN/passcode confidential. Please contact Client Services immediately if you suspect any unauthorized use.

Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker-dealers.

GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

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Empower Retirement Advisory Services offered by Advised Assets Group, LLC, a registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company. Empower Retirement refers to the products and services offered in the retirement markets by Great-West Life & Annuity Insurance Company, Corporate Headquarters: Greenwood Village, CO; Great-West Life & Annuity Insurance Company of New York, Home Office: NY, NY, and their subsidiaries and affiliates. The trademarks, logos, service marks and design elements used are owned by their respective owners and are used by permission.

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