CITY OF HOUSTON

457 Deferred Compensation Plan

Update on the Transition to Fidelity

Arif Rasheed – Deputy Director of Finance
Vann Adams – Fidelity Investments

Budget and Fiscal Affairs Committee Meeting
September 1, 2026

Considered Plan 1653N Only

Plan History & Background

PLAN PURPOSE

The City of Houston 457(b) Deferred Compensation Plan offers employees an opportunity to save for retirement through voluntary payroll contributions.

Empower

Served as the plan's third-party administrator and recordkeeper prior to the transition. Contract with Empower expired on 12/31/2025.

2025 Review

The City reviewed recordkeeping and administrative services through competitive procurement.

Procurement Objective

Identify a comprehensive provider for administration, recordkeeping, trust and investment-management services.

Metrics

Total plan assets	Total participants
$1.4B	16,021

Evaluation and Selection of Fidelity

Competitive evaluation

This was presented to City Council and approved on 11/5/2025.

SELECTED PROVIDER

Fidelity Workplace Services, LLC

CONTRACT TERM

5 years + two 1-year renewal options

Maximum potential term: 7 years

Transition Plan

Planning & Procurement

City Finance coordinated the transition and worked with internal departments and Fidelity to establish requirements, timelines, and responsibilities.

Data & System Preparation

Finance coordinated meetings with Empower, Fidelity, IT, and ARA-Payroll to ensure participant data, payroll files, and system interfaces were properly transferred and tested for accuracy.

Participant Communication

Finance worked with HR and Fidelity to provide employees with information, resources, and support regarding the transition and their accounts.

Implementation & Go-Live

Participant accounts and plan data were transferred from Empower to Fidelity, with Fidelity assuming recordkeeping responsibilities effective June 1, 2026.

Roles & Responsibilities

Finance - Project Owner and Oversight	Coordinated the overall transition, IT systems development, worked with Fidelity and Empower, managed the procurement/contracting aspects, coordinated internal departments, reviewed plan requirements, monitored transition activities, and served as the primary City contact.
ARA – Contribution Processing	Payroll team ensured employee deferral elections and contributions were properly processed, coordinated payroll-related files and data, supported IT systems development and testing of contribution processes, and helped ensure payroll deductions transitioned correctly to Fidelity.
HITS - Systems and Data Integration	Supported development, technical requirements, file transfers, system connectivity, security, data interfaces, testing, and troubleshooting between City systems and the recordkeepers.
HR – Communications	Assisted with communications and coordination of information needed to support participants during the transition.
Empower - Outgoing Recordkeeper	Maintained the 457 plan before the transition, provided participant/account data and historical information, processed the final activity under the existing arrangement, prepared transition files, and worked with Fidelity and the City to transfer records.
Fidelity - Incoming Recordkeeper	Implemented and assumed administration of the 457 plan, IT-system development and integration, established participant accounts, loaded and validated transferred data, established payroll/contribution processes, provided participant services, and became the ongoing recordkeeper effective June 1, 2026.

Fidelity Background

EXPERIENCE • INNOVATION • OUTCOMES

MARKET LEADERSHIP

- Privately-held organization founded in 1946
- Benefits Administration is our core business
- Established brand and trusted reputation

Quality is Our Differentiator

Strategic Plan Specialist

Understand Organizations Like City of Houston

Offer an Integrated Total Benefit Solution

Deep Implementation Experience

$4.2B Annual Investment in Technology

Focused on Cybersecurity

Move the Needle to Get Results

1 [1]Fidelity data, as of December 31,2025.

Advantages of having Fidelity

Enhanced Participant Experience	Modern online access and account management
Expanded Retirement Education	Resources to help employees make informed decisions
Financial Support	Planning and financial resources employees can go to for support
Comprehensive Plan Administrative Services	Administration, Recordkeeping, Trust and Investment-Management Services
Improved Participant Engagement	Online tools, Workshops, Phone Support and Education
Strong Implementation and Ongoing Support	Structured transition resources and plan-sponsor support

Transition: Empower to Fidelity

Q4 2025 - Q1 2026

Kick-Off!

Transition Discovery
- Review and approve plan design and administrative requirements
- Request test files from Empower

Communications Strategy
- Develop communications
- Determine project timeline

Engage Payroll

Q2 2026

Transition Communications
- Deliver draft of transition communications materials

File Testing/ Test Conversion

Plan Testing

Training, Participant Education, and Rollout Meetings

May - June 2026

Ongoing Communications
- Discuss ongoing communications strategy

Quiet Period Begins

Valuation Date

Transfer Assets

Receive Live Data Files

Review live data audit reports

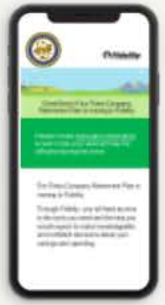
Quiet Period Ends/Go-Live!

16,250
$1.4B

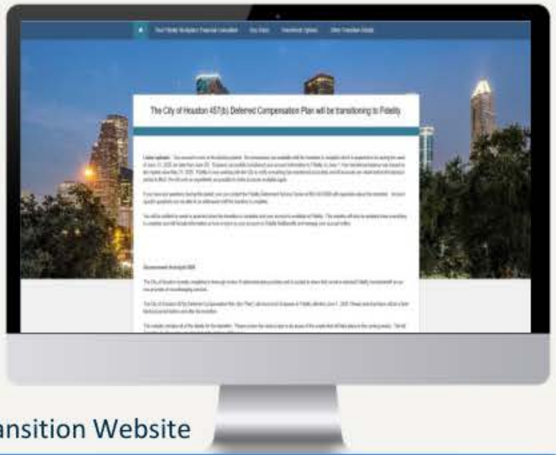
Detailed Project Plan / Weekly Status Calls / Communications Strategy / Contact Center Readiness

Change management communication strategy

Phase 1	Phase 2	Phase 3
ANNOUNCEMENT	**INTERACTIVE TRANSITION SUPPORT**	**TRANSITION COMPLETE!**



Email distributed by the City. Cover letter for non-actives with Transition Guide

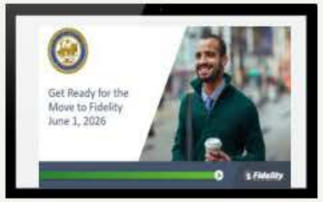


Transition Website

11,619 Views, 5,869 Unique Visitors

15,070 Delivered

Transition Guide



Multiple on-site and web based educational sessions.

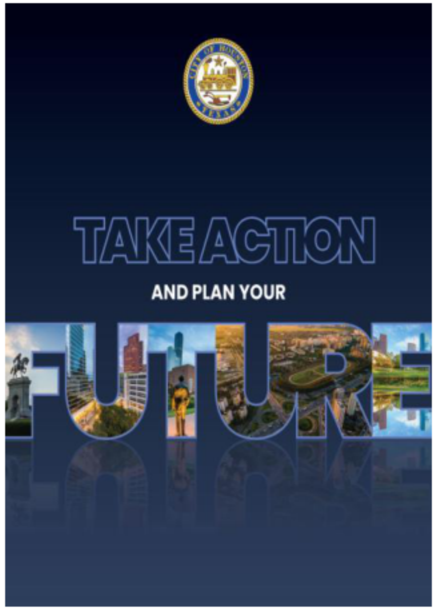
Transition Complete Communication

Comprehensive Support via the Channel of Your Participants' Choice

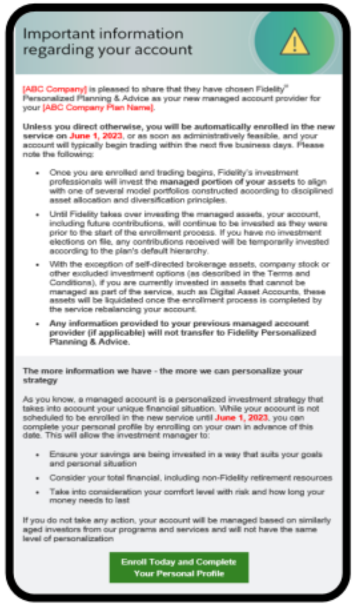
Screenshots are for illustrative purposes only.

Managed Account Conversion group: communications timeline

Pre-Launch	Engagement / Opt-out					Follow up
~ 5/1/26	6/15/26	6/29/26	6/30/26	7/15/26	8/11/26	Post enrollment
Transition Guide	Managed account live date	Conversion Group: Live notice Communication sent	Conversion Group: Opt-out window opens	Conversion Group: Personal preview	Conversion Group: Participants Enrolled in Fidelity's workplace managed account	Onboarding communications



Transition Guide



Live notice

Personal preview

NetBenefits messaging, phone support, virtual workshops and ask Fidelity sessions

Source: Fidelity participant activity data for the City of Houston 457 Plan as of June 30, 2026, unless otherwise noted.

1:1 virtual and in-person meetings

Offering personalized help for employees

Dedicated Workplace Financial Consultant

Gene Pokhozhay

Gene, a Workplace Financial Consultant, has been with the company since 2022 and in the financial industry since 2014. He was previously a Director, Retirement Planner for Fidelity's Tax-Exempt Market. Mr. Pokhozhay promotes financial wellness for plan participants through educational events. Gene is a Chartered Retirement Planning Counselor℠, investment advisor representative, registered securities representative, and licensed insurance representative.

- Confidential consultations with a Fidelity Workplace Financial Consultant who understands your plans
- One-on-one or with the employee's planning team
- Convenient to meet at City of Houston locations or virtual
- Screen-sharing helps participants understand where to find information and take-action

Investment advisor representatives are licensed with Strategic Advisors LLC (Strategic Advisors), a registered investment adviser, and registered with Fidelity Brokerage Services LLC (FBS), a registered broker-dealer. Whether a Fidelity representative provides advisory services through Strategic Advisors for a fee or brokerage services through FBS will depend on the products and services you choose.

1:1 planning support in a local branch

215 Investor Centers across the country[1]

- 1:1 help by appointment
- Salaried, noncommissioned[2]

Licensed professionals with deep knowledge of:

- Investment strategy
- Retirement planning
- Income protection
- Asset protection
- Family conversations

~265
Investor Center Representatives in Greater Houston

The Woodlands
1701 Lake Robbins Drive
The Woodlands, TX 77380

Houston Champion Forest
5322 FM 1960 Road West
Houston, TX 77069

Katy
23501 Cinco Ranch Blvd
Katy, TX 77494

Houston Memorial
12532 Memorial Drive
Houston, TX 77024

Houston Highland Village
4410 Westheimer Road
Houston, TX 77027

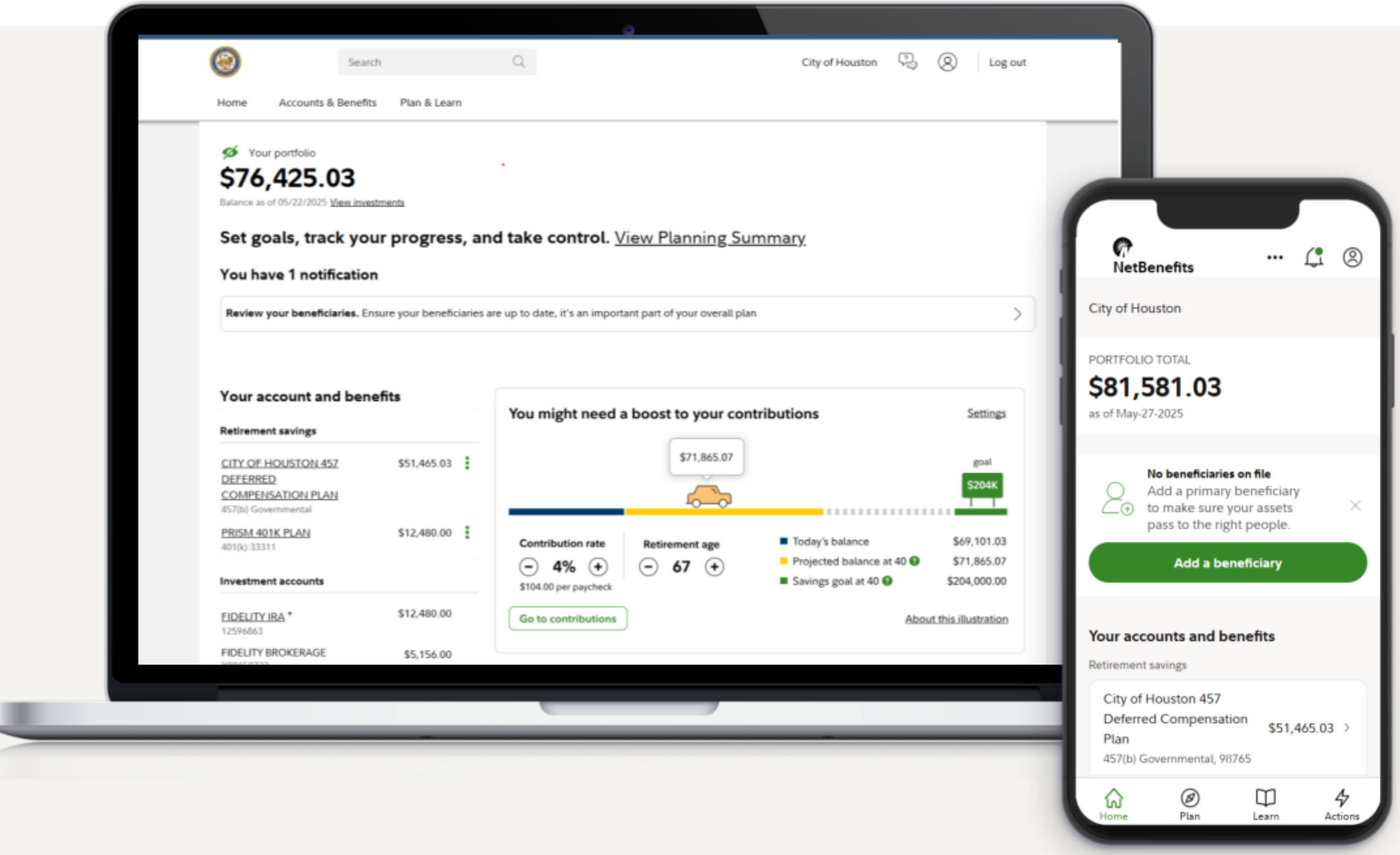
Texas Medical Center
6560 Fannin Street
Houston, TX 77030

Sugar Land
15600 Southwest Freeway
Sugar Land, TX 77478

Houston-Baybrook
18710 Gulf Freeway
Friendswood, TX 77546

1. Fidelity data as of May 31, 2026.
2. Base salary plus variable compensation based on manager evaluation, including participant engagement.

NetBenefits® desktop and mobile



- Access information quickly and easily through a clean and simple homepage
- Fully customized and branded to the City of Houston
- Features personalization through artificial intelligence

RANKED #1 WEBSITE & MOBILE APP

Screenshots are for illustrative purposes only.

2025 Corporate Insight DC Plan Participant Mobile Experience Benchmark Report, January 2026.

Thank You!

Experience

Innovation

Better Outcomes

Disclosures

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