



OHIO DEFERRED COMPENSATION

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2019 PAFR

2019 Popular Annual Financial Report
Ohio Public Employees Deferred Compensation Program

Christina Elliott
Executive Director

Ohio457.org

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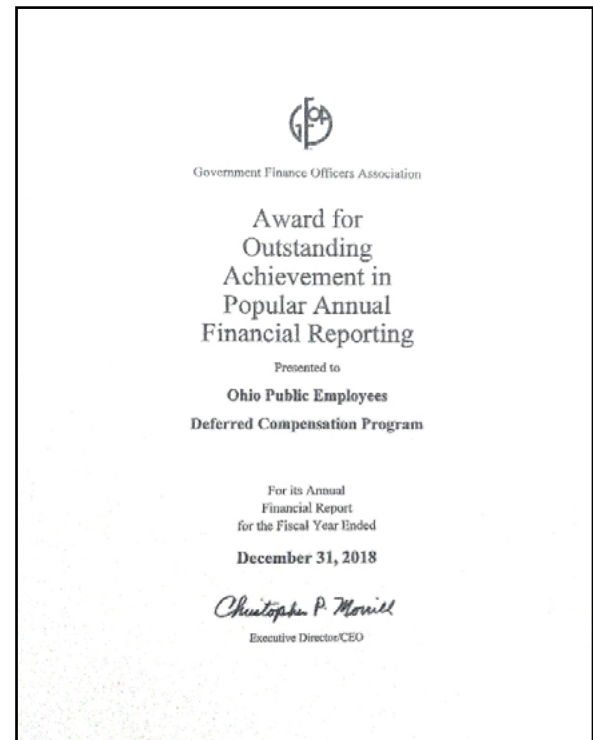
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GFOA AWARD FOR OUTSTANDING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Ohio Deferred Compensation for its Popular Annual Financial Report for the fiscal year ended January 31, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a popular annual financial report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

The Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Ohio Deferred Compensation has received a Popular Award for the last two consecutive years. We believe our current report continues to conform to the Popular Annual financial Reporting requirements and we are submitting it to GFOA to determine its eligibility for another Award.



Dear Ohio Deferred Compensation Participants,

It is with great pleasure that the Ohio Deferred Compensation (Ohio DC) Board of Trustees, and staff, present this 2019 Popular Annual Financial Report (PAFR). The PAFR is an easy-to-read summary of the Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2019. Ohio DC is one of the largest 457 plans in the U.S., with more than 241,000 participant accounts from 1,978 State and local government employers. This PAFR has been prepared to assist you in understanding Ohio DC's program and how we help participants in supplementing their retirement income.

This PAFR will provide a variety of examples as to how we are fulfilling our mission of guiding our participants along the path to retirement income security. Members of Ohio's retirement systems can contribute to Ohio DC on a voluntary basis to supplement their retirement income. As a self-directed plan, participants are responsible for their own savings and investment decisions, but much of their investment success depends on the amount of contributions and the overall direction of the financial markets.

After falling in 2018, the U.S. stock market was up 29 percent in 2019, as tracked by the S&P 500 index. The market has achieved positive performance in 9 of the last 10 years. The long positive market trend gave many participants the confidence to maintain or increase payroll contributions, and encouraged other public employees to enroll.

Ohio DC achieved these all-time highs in 2019:

- 1,978 contributing employers
- 241,900 participant accounts
- 123,380 total actively contributing participants
- \$518.1 million total annual contributions
- \$405.8 million total annual benefit distributions

Ohio DC also faces several challenges. The number of public employees eligible to participate in Ohio DC has generally declined over the past ten years. Ohio DC's growth potential has been restrained by this downward trend in public employment. As more baby boomers reach retirement age, this large group of participants now has access to their deferred compensation savings. Accordingly, the annual amounts distributed to participants and transferred to other retirement plans has risen dramatically over the past ten years. Additionally, due to the Coronavirus public health crisis and resulting economic downturn, it is likely Ohio DC will face additional challenges during 2020.

Major Initiatives in 2019 and Beyond

Years of hard work resulted in implementation of a new daily recordkeeping system by Ohio DC at the end of the first quarter of 2019. After its initial launch, functionality was added to the system to support after-tax (Roth) accounts. Additionally, Ohio DC built and put into service a new participant website as of December 31, 2019. The

recordkeeping development cost of \$10.4 million was capitalized as of year end. An additional \$2 million was capitalized related to the cost of the participant website as of year end.

Planning and programming for enhanced functionality for both the participant website and recordkeeping system is ongoing and will include:

- Online Beneficiary Updates
- Account Rebalancing
- End-Result Exchanges
- SMarT Plan Enrollment and Updates
- Other changes to streamline internal processes

This work is expected to continue throughout 2020 and 2021.

Changes were made to the Ohio DC investment line up during 2019 as the LifePath 2020 fund was set to expire at the end of 2019. Ohio DC transitioned participant accounts from LifePath 2020 to LifePath Retirement on October 4, 2019. When a LifePath fund is terminated, Ohio DC adds the next available option in the series. Therefore, when the LifePath 2020 option was closed, the LifePath 2060 option was added to the investment line up.

During 2019, Ohio DC management worked with outside counsel to perform a complete review of the Plan Document to assure it is consistent with Federal laws and regulations, and current plan features and practices. No substantial changes were made to plan provisions. The amended Plan Document was approved by the Board with an effective date of March 1, 2020.

In closing, I would like to take this opportunity to thank Keith Overly for his leadership and dedication to the Ohio DC program over the last 17 years. As the newly appointed Executive Director I want to share my excitement and enthusiasm with you as we continue to move Ohio DC forward. Prior to this role, I spent nearly three years at the



California State Teachers Retirement System (CalSTRS). I also oversaw the development and implementation of two California state boards that created investment products for private sector workers and people with disabilities. I look forward to working with you and our employers for many years to come.

Kindest regards,

A handwritten signature in grey ink that reads "C. Elliott".

Christina Elliott

Executive Director

OUR OBJECTIVES

HELPING YOU I SAVE FOR RETIREMENT

IT'S WHAT WE ARE HERE FOR

Ohio Deferred Compensation is dedicated to making sure our participants are well informed about what it means to save for retirement. As a self-directed plan, our participants are responsible for making their own savings and investment decisions, but for them to succeed, they need to be educated about the need to invest early and regularly and to be informed about the basics of investing.



WE MAKE THINGS SIMPLE



SMART PLAN ENROLLMENT FORM



NEVER COMPROMISE ON QUALITY



DEDICATED STAFF



PREPARE FOR RETIREMENT



RETIREMENT PLANNING SPECIALISTS



OUR MISSION

Guiding our participants along the path to retirement

We are driven to provide our participants with the tools and resources they need, to be able to take control of their own retirement outcomes.



OUR VALUES

INTEGRITY AND ETHICS

FIDUCIARY ACCOUNTABILITY

PROFESSIONALISM

INNOVATION

EFFICIENCY

OUR GOALS

PROVIDE QUALITY PARTICIPANT SERVICES AND PROMOTE FINANCIAL LITERACY THROUGH EFFECTIVE EDUCATION AND CLEAR COMMUNICATIONS.

ESTABLISH PLAN FEATURES AND TOOLS THAT ENCOURAGE SUPPLEMENTAL SAVINGS TO PROVIDE INCOME THROUGH RETIREMENT.

PROVIDE SUITABLE, DIVERSE, COST-EFFECTIVE INVESTMENT OPTIONS.

ACCURATELY AND FAIRLY APPLY LAWS; WHEN APPROPRIATE, ADVOCATE REGULATORY AND LEGISLATIVE CHANGES.

DEVELOP AND IMPLEMENT PRUDENT



ASSETS AND LIABILITIES

We can help you save more!

The below statement shows the various plan assets and liabilities for the years ended December 31, 2019 and 2018. The plan net position represents the funds accumulated thus far to pay retirement income benefits to participants. Ohio

Deferred Compensation is a non-profit organization and all assets are held in trust on behalf of the employers for the exclusive benefit of participants and their beneficiaries with the goal of providing them with retirement income security.

ASSETS:				
	2019	2018	\$ CHANGE	% CHANGE
INVESTMENTS	\$15,374,867,124	\$13,112,231,768	\$2,262,635,356	17.3%
CASH AND CASH EQUIVALENTS	15,083,492	14,771,228	312,264	2.1%
CONTRIBUTIONS RECEIVABLE AND CASH HELD FOR INVESTMENT	8,614,902	5,877,871	2,737,031	46.6%
OTHER ASSETS	13,577,017	11,211,824	2,365,193	21.1%
TOTAL ASSETS	15,412,142,535	13,144,092,691	2,268,049,844	17.3%
LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	7,091,685	3,547,647	3,544,038	99.9%
NET PENSION/OPEB LIABILITY	4,470,834	3,403,207	1,067,627	31.4%
TOTAL LIABILITIES	11,562,519	6,950,854	4,611,665	66.3%
PLAN NET POSITION AVAILABLE FOR BENEFITS	\$15,400,580,016	\$13,137,141,837	\$2,263,438,179	17.2%



ADDITIONS:	2019	2018	\$ CHANGE	% CHANGE
NET INVESTMENT INCOME (LOSS)	\$2,393,354,401	-\$341,828,165	\$2,735,182,566	800.2%
PARTICIPANT CONTRIBUTIONS	518,057,583	496,296,253	21,761,330	4.4%
TRANSFERS FROM OTHER PLANS	128,798,848	117,389,189	11,409,659	9.7%
OTHER ADDITIONS	1,090,565	1,149,560	-58,995	-5.1%
TOTAL ADDITIONS	3,041,301,397	273,006,837	2,768,294,560	1,014.0%

DEDUCTIONS:

BENEFIT DISTRIBUTIONS	405,849,183	387,336,401	18,512,782	4.8%
TRANSFERS TO OTHER PLANS	359,326,759	321,205,624	38,121,135	11.9%
ADMINISTRATIVE EXPENSES	12,687,276	10,389,667	2,297,609	22.1%
TOTAL DEDUCTIONS	777,863,218	718,931,692	58,931,526	8.2%
NET INCREASE (DECREASE)	2,263,438,179	-445,924,855	2,709,363,034	607.6%
PLAN NET POSITION, BEGINNING OF YEAR	13,137,141,837	13,584,133,531	-446,991,694	-3.3%
RESTATEMENT EFFECT OF GASB 75	0	-1,066,839		
PLAN NET POSITION, END OF YEAR	\$15,400,580,016	\$13,137,141,837	\$2,262,371,340	17.2%

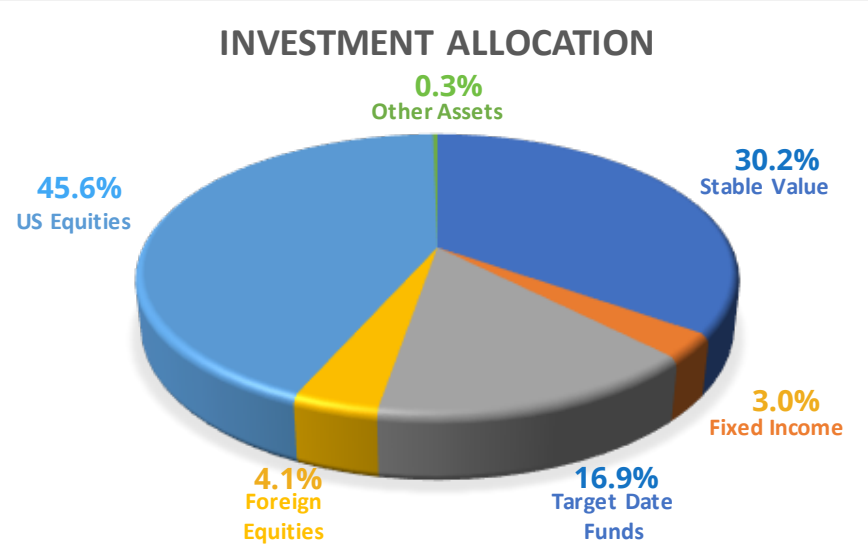
INCOME AND EXPENSES

The above statement shows the annual additions (income) and deductions (expenses) for Ohio DC. Additions come from participant contributions, transfers from other plans, investment income earned on participant accounts, and recordkeeping rebates. The

primary deductions are benefit payments, transfers out to other plans and administrative expenses, which are required to manage Ohio DC. A net increase represents more assets were accumulated in the current year to pay more retirement income benefits.



INVESTMENTS - SUMMARY



ASSET CLASS	ALLOCATIONS
STABLE VALUE	\$4,652,821,494
FIXED INCOME	\$467,536,377
TARGET DATE FUNDS	\$2,601,465,743
FOREIGN EQUITIES	\$626,304,508
US EQUITIES	\$7,014,248,735
OTHER ASSETS	\$38,203,159
TOTAL ASSETS	\$15,400,580,016

ALLOCATION SUMMARY

Investment markets are extremely complex and market volatility is impossible to predict. For these reasons, Ohio Deferred Compensation, as well as all responsible retirement plans, stress the need for investors

to take advantage of their ability to diversify their investments. Diversification reduces portfolio risk. In the above chart, you can see the various asset classes that Ohio DC participants invest in.

PARTICIPANT INVESTMENTS

Ohio Deferred Compensation is a self-directed plan, so participants choose the investment options for their current deferrals and balances. The Board

has adopted an investment policy to ensure that a suitable number of diverse investment options are offered and regularly monitored.

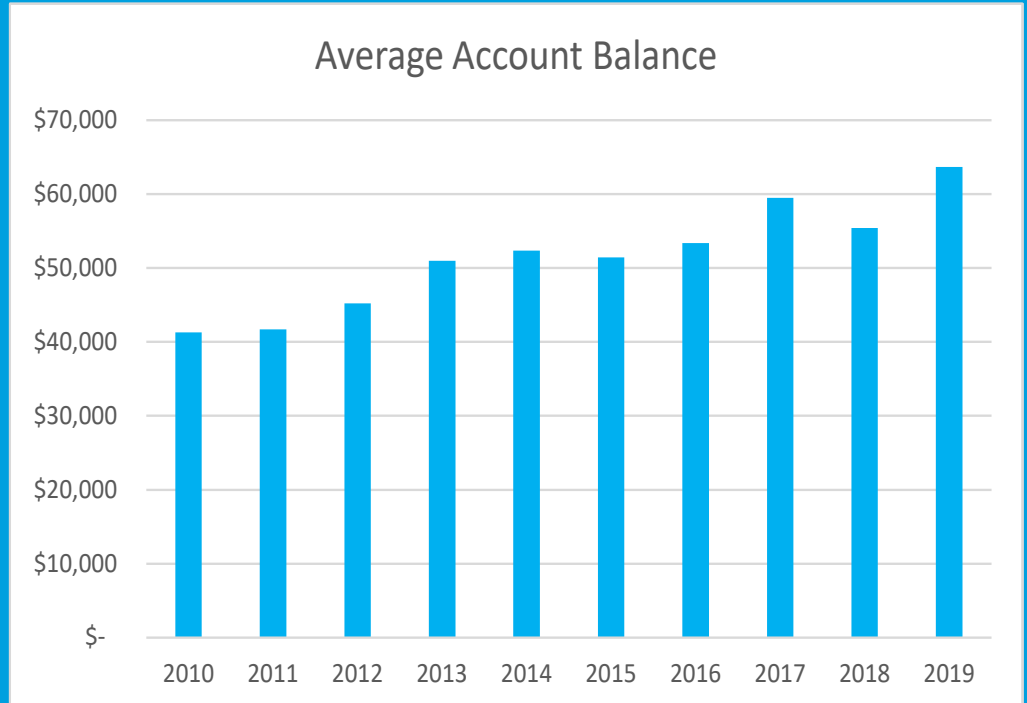


OHIO DEFERRED COMPENSATION

In facts and numbers

AVERAGE PARTICIPANT ACCOUNT

2010	\$41,282
2011	\$41,695
2012	\$45,197
2013	\$50,962
2014	\$52,382
2015	\$51,445
2016	\$53,362
2017	\$59,480
2018	\$55,408
2019	\$63,665



ACCOUNT BALANCES

Higher account balances will result in higher retirement incomes for our participants. While this seems like common sense, people often do not realize that they need to set a goal for what they would like to

accumulate for retirement. For some, this might be a total amount of savings. For others, it's easier to look at how much income they will earn per month in retirement, based on their savings.

ALL-TIME HIGHS IN 2019

\$518 MILLION



TOTAL ANNUAL
CONTRIBUTIONS

1,978



CONTRIBUTING
EMPLOYERS

241,900



PARTICIPANT
ACCOUNTS

123,380



ACTIVELY
DEFERRING
PARTICIPANTS

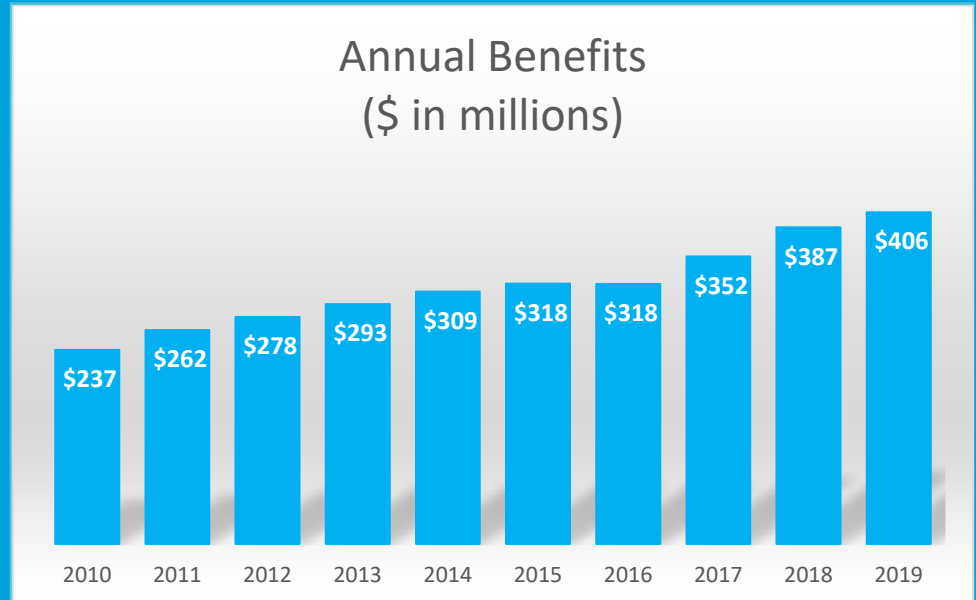


OHIO DEFERRED COMPENSATION

In facts and numbers

TOTAL DISTRIBUTIONS

2010	\$237 MILLION
2011	\$262 MILLION
2012	\$278 MILLION
2013	\$293 MILLION
2014	\$309 MILLION
2015	\$318 MILLION
2016	\$318 MILLION
2017	\$352 MILLION
2018	\$387 MILLION
2019	\$406 MILLION



OVERALL PARTICIPANT DISTRIBUTIONS

Ohio Deferred Compensation provided 50,344 participants with distributions in 2019, up from 41,715 in 2018. The average annual distribution in 2019 equaled \$8,064.

Ohio DC is now delivering over \$405 million in benefit distributions annually to provide additional retirement income and a more secure retirement to our participants.

ANALYSIS OF INCOME AND CONTRIBUTIONS

13%



DECREASED
AVERAGE ANNUAL
DISTRIBUTION

\$21.7 MILLION



PARTICIPANT
CONTRIBUTIONS

9.7%



INCREASED
TRANSFERS IN

4.4%



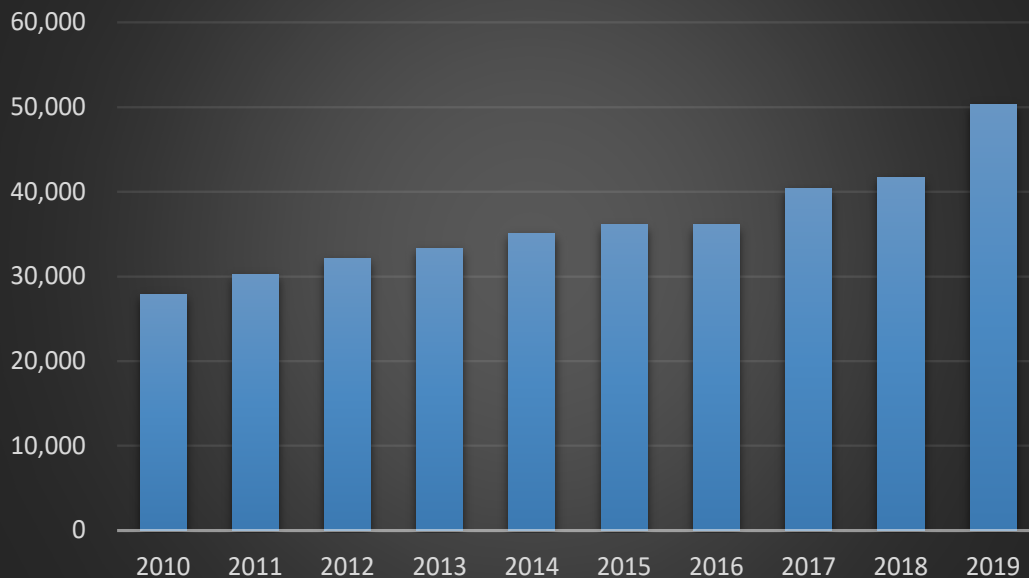
INCREASED PARTICIPANT
CONTRIBUTIONS OVER
2018



OHIO DEFERRED COMPENSATION

In facts and numbers

Participants Receiving Distributions



DISTRIBUTION RECIPIENTS PER YEAR

2010	27,884
2011	30,249
2012	32,106
2013	33,359
2014	35,132
2015	36,101
2016	36,111
2017	40,421
2018	41,715
2019	50,344

OVERALL TOTAL DISTRIBUTIONS

The graph above shows the 10-year history of the total number of distributions, not just participants, but beneficiaries as well. The general trend over this period has been a steady increase in distributions. This overall trend

was generated by more people taking distributions (larger numbers of baby boomers retiring). Deductions seemed to level off for several years beginning in 2013, but increased in 2017 2018 and 2019.

OHIO DC EXTENDS DEEP APPRECIATION TO KEITH OVERLY

We wish to extend our deepest appreciation to former Executive Director Keith Overly, who retired March 31, 2020. Mr. Overly provided outstanding leadership and guidance to Ohio DC since October 2003. His service and dedication significantly

contributed to the success of Ohio DC, and its mission of guiding participants along the path to retirement income security. The Program further wishes him continued success, good health, and happiness in all his future endeavors.





CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR FISCAL YEAR 2018 FROM THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA)

Ohio Deferred Compensation's comprehensive annual financial report for the year ended 2019, from which the information on pages 3-12 has been drawn, was awarded the Certificate of Achievement for Excellence in Financial Reporting by Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement Program's requirements, and we have submitted it to GFOA to determine its eligibility for another Certificate.

I ABOUT THIS PAFR

This Popular Annual Financial Report is derived from information contained in the Ohio Deferred Compensation (Ohio DC) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2019, but does not contain detailed financial information by plan, nor is it presented in a manner to conform to Generally Accepted Accounting Principles (GAAP). For a complete set of financial definitions included in this summary report please refer to the Ohio DC CAFR, which is prepared in conformity with GAAP and may be obtained by visiting our website at Ohio457.org or by contacting Ohio DC to request a copy.



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