April 2025 Board Update

The Board Update contains important reminders and statistics, as well as strategic plan, priority projects, and shared services updates. Staff will provide updates on initiatives that may not warrant a full discussion during meetings but are nonetheless critical to Ohio DC's success. If you have questions, please do not hesitate to ask.

Administrative Rule Review

Ohio DC's three rules in the Ohio Administrative Code are subject to the five-year rule review process this summer (July 20, 2025). The process requires the review, amendment, repeal, or re-filing of the rules with no changes. In light of the Board's pursuit of legislation to merge with OPERS, staff have determined that an extension period will allow for more time to assess future rule needs. The Joint Committee on Agency Rule Review (JCARR) allows for an extension of up to 180 days to complete the rule review process. We will request this extension from JCARR in the coming weeks. In the second half of this year, staff and the Board will have a clearer picture of our needs within Administrative Code Chapter 148. Staff will present the rules to the Board at a future meeting with recommendations for action before they are filed with JCARR.

2025 NAGDCA Conference

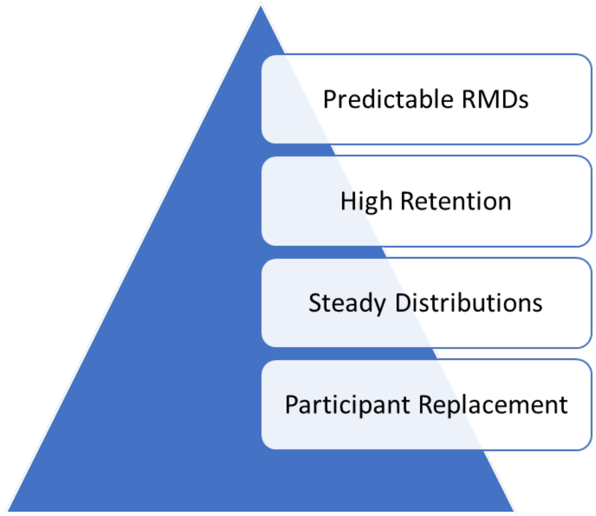
The 2025 National Association of Government Defined Contribution Administrators (NAGDCA) Annual Conference will be held September 28-October 1 in San Diego, California. The discounted conference registration fee will be $750 and is due by July 22. In addition, there will be hotel and other travel-related costs. The conference and hotel registrations are now open. Hotel reservations can only be made as part of the registration process. For the conference agenda visit NAGDCA.org.

The Board Travel Policy states that all Board travel must be approved in advance by the Board, except for travel in the regular course of Board meetings, committee meetings, or other regular Board business. **If you wish to attend the NAGDCA Conference, please contact Cindy Ward, so your travel request can be placed on the May Board agenda for approval.**

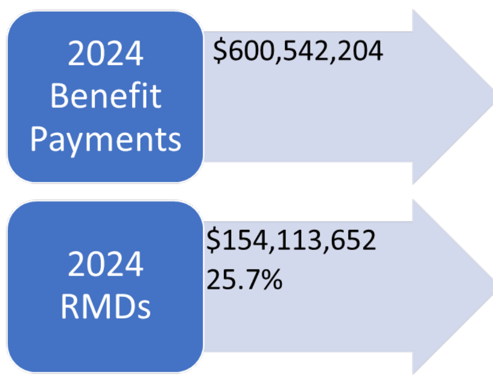
March Board Meeting Follow-up

Distributions: Should we worry about asset retention? Are these distributions too high?

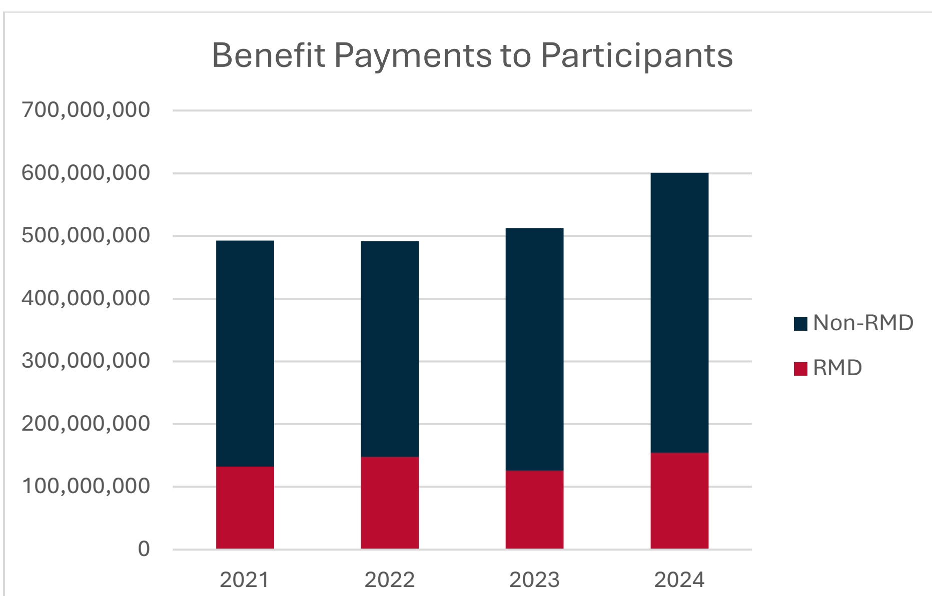
These questions often arise when staff review distribution data with the Board, as was the case during the March meetings, and asset retention strategy discussions in recent years. Staff does not consider the distribution behavior or amounts to be alarming for several reasons. The below statistics help illustrate the data points we continually monitor to confirm healthy participant behavior and benchmarking of Plan distributions.



Predictable RMDs represent approximately 25% of Ohio DC distributions in 2024. These amounts could not have been retained by the Plan and represent expected outflows each year.



Over the Past Four Years – About 50,000 participants take withdrawals every year, and about 56% are required to take a withdrawal. About $525 million is withdrawn every year, and about 26% is required to be withdrawn.



High Retention of assets and participants can be illustrated both in comparison to other plans and participant behavior, as well as surveying Ohio DC participants to learn about their reasons to rollover-out of the Plan.

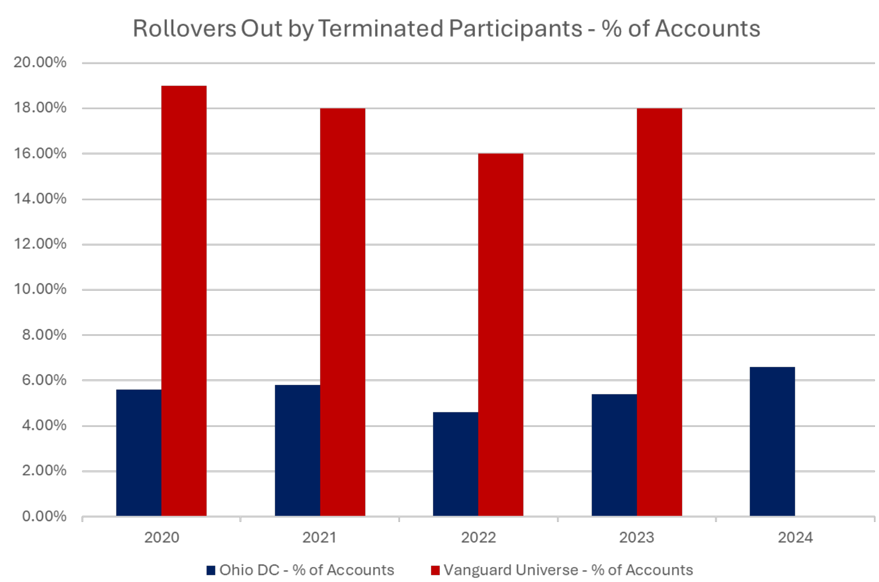
Rollover-Out Survey – As part of our ongoing monitoring of participant behavior and asset retention strategies, Ohio DC's Service Center conducted interviews with participants who chose to roll out their accounts.

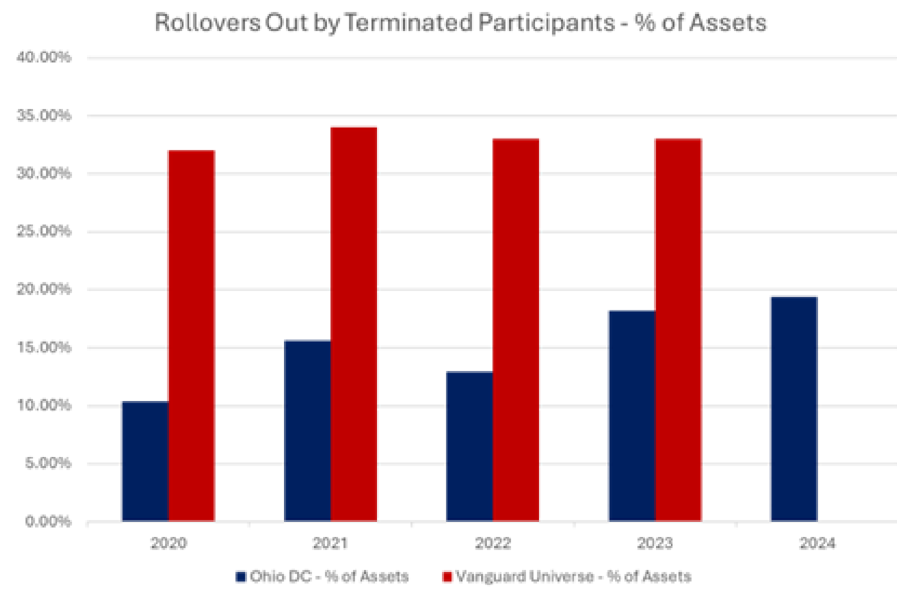
These surveys returned a few notable pieces of information that we have used and will continue to develop into asset retention strategies. For example, 92% of rollover-out applications would have occurred regardless of any services Ohio DC could have provided to the participant.

More than half of participants (63%) were rolling out to consolidate their retirement accounts at another plan. The second largest cohort was rolling out following the recommendation of a financial advisor.

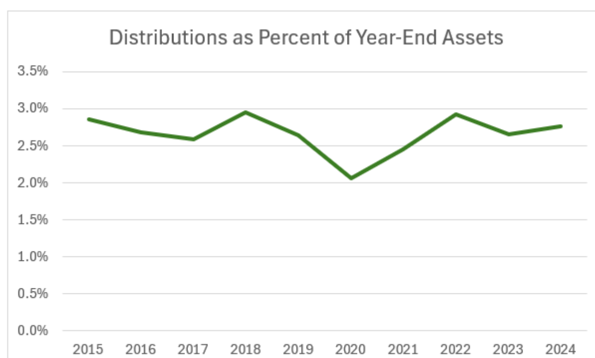
Primary reason for moving money out of Ohio DC:	
63%	Consolidating all retirement savings in one place
11%	Following a recommendation from a financial advisor
8%	Achieving a higher rate of return than the Stable Value Option
8%	Desiring more investment options than Ohio DC offers
8%	Other
3%	Desiring a guaranteed income product for life (e.g. Annuity)

Retention compared to peers – Ohio DC does a better job at asset retention than its universe of peers. Vanguard surveys about 1,500 of its DC plans every year and provides that data in its annual *How America Saves* report. Among terminated participants, Ohio DC has retained far more accounts and assets eligible for rollover compared to the Vanguard Universe over the past five years. Note: The 2025 version of *How America Saves* will not be produced until June, leaving 2024 results absent for comparison.





Steady Distribution behavior over the long-term indicates that participants are not withdrawing more than the expected percentage of total Plan assets. The first graph below shows annual distributions to participants over the past ten years. Besides the dip in 2020 due to RMDs being suspended, the annual amounts are steadily increasing, which they should, since we have more participants, and their accounts have grown with a positive market cycle. When you compare the annual distribution amount to the total assets at year end, you see that distributions are consistently between 2% and 3% across the past ten years. Since we do not see a trend that participants are withdrawing an increasing percentage of assets, staff is not concerned about the increasing dollars leaving the Plan.



Participant Replacement is monitored monthly and annually by staff to understand the patterns of new participant enrollments, as well as new accounts created by existing participants. Ohio DC continues to gain larger shares of eligible participants each year.

	Eligible Employees	Total Participant Accounts	Participants Currently Contributing	Current Participation Rate
2015	666,671	216,892	111,223	16.7%
2016	673,033	222,042	113,810	16.9%
2017	706,108	228,380	117,005	16.6%
2018	665,444	237,100	120,990	18.2%
2019	666,822	241,900	123,380	18.5%
2020	647,510	249,060	124,380	19.2%
2021	637,118	254,740	125,610	19.7%
2022	660,323	261,753	125,401	19.0%
2023	679,491	269,851	129,792	19.1%
2024	689,050	277,444	134,883	19.6%

To summarize, staff would suggest that the Board consider the following conclusions and outlook:

- Many accounts and assets are leaving the fund.
    - We expect outflows to retirees, particularly RMDs.
    - Total distributions represent a steady percent of assets – Ohio DC is growing and the distribution amounts grow with it at a proportionate rate. Distributions are typically with the 2%-3% range.
    - Of all terminated participants, Ohio DC is still retaining a larger portion of inactive accounts than other providers.
    - Financial advisors who recommend rollouts remain an opportunity for education and targeted outreach.
- The rate at which Ohio DC is replacing the participant headcount with new participants and employers is expected to provide long-term growth and stability while each cohort contributes and retires.
- Ohio DC is subject to economic factors that are not within our control and participants can and should make financial decisions in their own best interests. Our role is to educate participants through these transitions to help close their retirement savings gap.

Roth Participation

Although employers have not unanimously adopted the Roth 457(b) amendment for their employees, data reflect that a large majority of eligible participants have access to the Roth 457(b) option from their employer. Field Account Executives are always identifying new employers and offering Roth adoption to those new to the opportunity.

As of December 31, 2024, 756 (36%) of our 2,082 employers had adopted Roth. However, 123,966 (83%) of our 148,643 active participants had access to Roth contributions through those employers.

Upcoming Meetings

May 20, 2025 – Regular Board Meeting at 9:00 a.m.
August 19, 2025 – Strategic Planning Meeting at 9:00 a.m.

The Strategic Planning meeting is usually a four-to-five-hour meeting to have deeper discussions on topics of interest or education for the Board. Staff have several suggested topics in preparation of the Strategic Planning meeting agenda, but welcome input from the Board.

- Fee Structure and Reserves
- Information Technology (Map-Timeline)
- Financial Wellness Opportunities

September 16, 2025 – Regular Board Meeting
November 18, 2025 – Regular Board Meeting

Strategic Plan Objectives Update

- Develop employer-specific tactics to reach more new and existing employers and educate on the advantages of Ohio DC (1-51).

  OPERS and Ohio DC compared OPERS eligibility data for each employer with actual participation data from Ohio DC. Ohio DC sorted this list by number of employees and initially selected 129 employers we believed had the greatest opportunity to increase their participation rate. As of the end of 2024, Field Account Executives conducted over 360 interactions with these employers which included meetings with key decision makers, email campaigns to Account Executive. The next step in this project is to run the same 129 employers' data to measure any change in participation because of these efforts.

  In 2025, we plan to revisit data with OPERS to refine the process of reaching more new employers and public employees.

- Invest in new technologies that improve service to participants, efficient operations, and cyber security (2-56).

  Staff have invested in a new **IT project manager** to improve efficiency and timeliness of projects. A new **document management system** to scan and process several forms is in development and testing. The system will make Ohio DC less reliant on paper and manual data entry, which improves efficiency and accuracy. We plan to continue developing the system to optimize workflow of many daily tasks. Staff is also procuring a **security operation center** to monitor cyber risk around the clock.

  In 2025, we are joining with OPERS in an exercise to jointly evaluate projects and resources and develop a comprehensive timeline of IT enhancements and maintenance.

2025 Shared Services Budget Analysis

The analysis below aggregates the Ohio DC first quarter 2025 shared services expenses.

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION BOARD
SHARED SERVICES BUDGET ANALYSIS

	MARCH 2025			YEAR-TO-DATE 2025		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
HUMAN RESOURCES	$ 65.74	$ 2,114.67	$ (2,048.93)	$ 98.61	$ 6,344.00	$ (6,245.39)
PRINTING AND MAILING	$ 1,104.03	$ 2,647.50	$ (1,543.47)	$ 5,805.99	$ 7,942.50	$ (2,136.51)
INTERNET CONNECTIVITY	$ 294.51	$ 666.67	$ (372.16)	$ 928.08	$ 2,000.00	$ (1,071.92)
EXECUTIVE LEADERSHIP	$ 17,452.00	$ 17,667.00	$ (215.00)	$ 52,708.89	$ 53,001.00	$ (292.11)
MISCELLANEOUS SERVICES	$ 528.99	$ 4,000.00	$ (3,471.01)	$ 1,975.50	$ 12,000.00	$ (10,024.50)

Notes: Staff deem that all purchased services are within scope and budget as of March 31, 2025.

March 2025 | Ohio DC Statistics

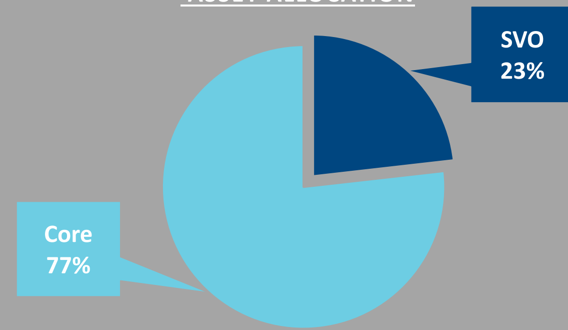
MONTHLY MARKET PERFORMANCE

	March	YTD
Large Company Stocks	▼ -5.64%	▼ -4.28%
Small/Mid Company Stocks	▼ -7.61%	▼ -8.35%
Non-US Stocks	▲ 0.13%	▲ 5.53%
Total Bond Market	▲ 0.03%	▲ 2.77%

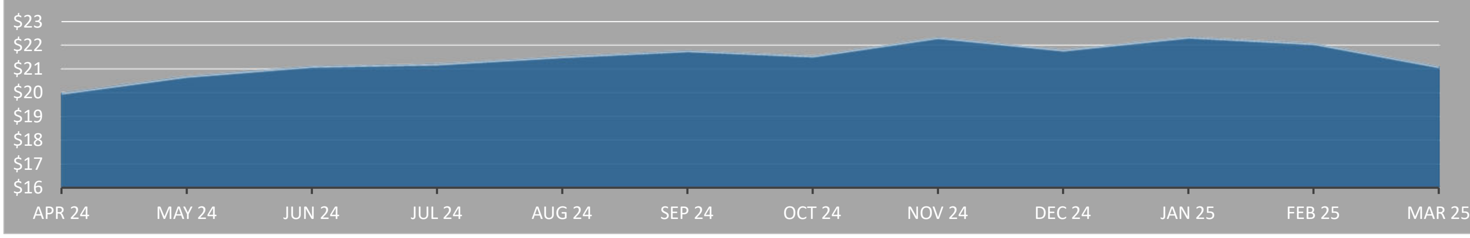
Monthly Perf.
-$920
million

YTD Perf.
-$562
million

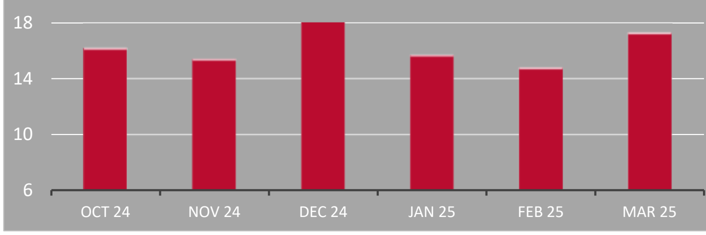
MONTH END ASSET ALLOCATION



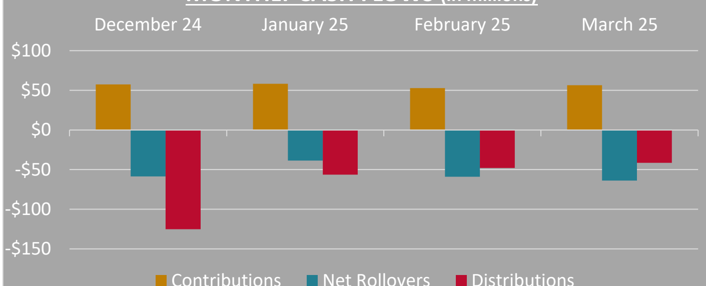
TOTAL ASSETS (in billions)



MONTHS OF EXPENSE IN CASH RESERVES



MONTHLY CASH FLOWS (in millions)



KEY INDICATORS

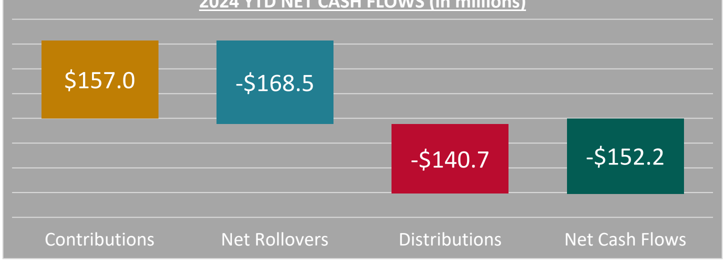
		March		YTD
Enrollments				
2025		1,846		5,487
2024		1,589		5,370
% Change	▲	16.2%	▲	2.2%
Unforseeable Emergencies (in millions)				
2025	$	2.3	$	6.7
2024	$	1.5	$	4.4
% Change	▲	54.8%	▲	53.1%

Applications Processed:	544
Applications Approved:	542
Percentage Self-Certified:	81%

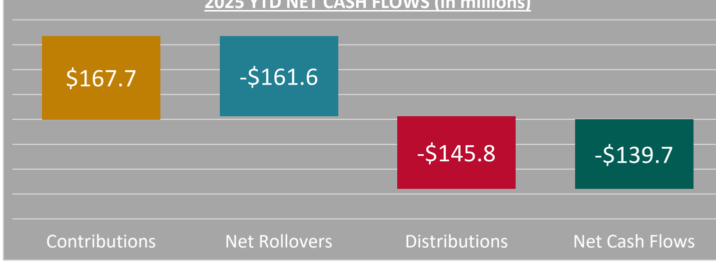
1/3/1900

Approval %
99.6%

2024 YTD NET CASH FLOWS (in millions)



2025 YTD NET CASH FLOWS (in millions)



Financial data is unaudited and reflects the cash basis of accounting.