Cindy Ward

From: 457, Ohio (Ohio457) <OHIO457@nationwide.com>
Sent: Wednesday, April 17, 2024 8:02 AM
To: Cindy Ward; Kevin Kirkpatrick; Paul Miller
Cc: Gaaskjolen, Cedric
Subject: FW: Re: Investment options / admin fee

FYI

-----Original Message-----
From: Scott Cormany <scottcormany@gmail.com>
Sent: Tuesday, April 16, 2024 4:20 PM
To: 457, Ohio (Ohio457) <OHIO457@nationwide.com>
Subject: [EXTERNAL] Re: Investment options / admin fee

Nationwide Information Security Warning: This is an EXTERNAL email. Use CAUTION before clicking on links, opening attachments, or responding. (Sender: scottcormany@gmail.com)

Ohio Deferred Compensation,

Thank you for your response.

I would appreciate it if the Ohio Deferred Compensation Board would consider offering the Vanguard S&P 500 Index along side the other investment options and let the members decide which is better for them.

Sincerely,

Scott Cormany

> On Apr 16, 2024, at 3:17 PM, 457, Ohio (Ohio457) <OHIO457@nationwide.com> wrote:
>
> Dear Mr. Cormany,
>
> We greatly appreciate your participation in Ohio Deferred Compensation (Ohio DC). Thank you for taking the time to express your concerns.
>
> Over the years, our Board of Trustees, at the recommendation of independent investment consultants, has voted to move away from retail mutual funds to Custom Portfolios and Collective Investment Trusts with substantially similar investment strategies and underlying holdings, but with lower expense ratios than retail or institutional mutual funds. A lower investment expense results in higher relative performance, which means more of the investment return goes into your retirement account, instead of to the fund manager in the form of higher fees. This savings results in millions of dollars being directed back into Ohio DC participants' accounts each year.
>
> You stated that the State Street Index fund does not pay dividends. Dividends and capital gains distributions are handled differently in these Custom Portfolios and Collective Investment Trusts compared to a retail mutual fund. In a retail mutual fund, a dividend is released to a shareholder. In the case of a Custom Portfolio or Collective Investment Trust, the money is immediately used to re-purchase shares of the fund, and the

investment manager executes this transaction inside the portfolio itself. Investors are still receiving these distributions, albeit indirectly. The distributions are reflected in the overall valuation and investment performance of the investment option, rather than a transaction received by the investor, only to be immediately reinvested. The fundamental difference in the accounting of dividends and capital gain distributions at the portfolio level, rather than the shareholder level, is why you no longer see these transactions in your statement.
>
> Ohio DC has one of the lowest administrative fees for 457 plans in the country. While other plans often choose more expensive investment share classes and collect reimbursements (revenue sharing) from investment managers to offset costs, Ohio DC chooses the lowest cost investment share classes on your behalf and charges 0.14% for administration. These fees are also capped at $55 per quarter, so those with higher account balances pay less than 0.14% of the total assets in their combined accounts. This ensures the highest degree of transparency surrounding fees and the lowest possible cost to you as an investor. More information regarding our fee structure can be found on our website by visiting the "Investments" section and clicking on "Fees." Ohio DC prides itself on being transparent regarding all aspects of the operation of the Plan including fees and performance.
>
> Thank you for your participation in Ohio DC and for the opportunity to address your concern. Your feedback is important to us. The Board will be provided with your email and this response. If you have any further questions, please feel free to contact us at 877-644-6457 or Ohio457@nationwide.com.
>
> Sincerely,
>
> Ohio Deferred Compensation
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>
> -----Original Message-----
> From: Scott Cormany <scottcormany@gmail.com>
> Sent: Friday, April 5, 2024 11:45 AM
> To: Communications <Communications@ohiodc.org>
> Subject: Investment options / admin fee
>
> Ohio Deferred Compensation (Ohio DC) Board:
>
> Hello,
>
> I am a participant in Ohio Deferred Compensation. I recently spoke with a representative of Ohio Deferred Compensation and she suggested I reach out to the board with my concerns.
>
> I strongly suggest offering a publicly traded S&P 500 Index Fund like the VFIAX offered by Vanguard. I am currently contributing to the one offered by State Street available in Ohio DC. It does not pay a dividend and I cannot track its performance independently.
>
> For transparency, seeing the dividend payout and being able to track it independently, I implore you to offer this fund along side the other options.
>
> Additionally, I am discouraged by the Ohio DC administrative fee and I do not feel that the services and available investment offerings warrant the 0.14% account fee. If you are offering the State Street Large Company Index because it’s expense ratio is .03% cheaper than Vanguards S&P Index, perhaps you should consider lowering your administrative fee and offer the publicly traded S&P 500 index fund.
>
> Thank you for your time and consideration.
>
> Sincerely,
>

> Scott Cormany