Ohio Deferred Compensation

Invest in you.

BOARD MEETING AGENDA

January 16, 2024

Deferred Compensation

257 E Town Street, Suite 400, Columbus, Oh 43215-4623
877-644-6457
Ohio457.org

NOTICE

The Ohio Deferred Compensation January Board meeting will be held at 9 a.m. on Tuesday January 16, 2024. The meeting will be held at the Ohio Public Employees Retirement System offices located at 277 East Town Street, Columbus, Ohio.

The agenda for the Board meeting is enclosed.

Members of the public may view the live video of the Board meeting. To join the webinar meeting online or with call-in capabilities, use the link below to register.

https://us02web.zoom.us/webinar/register/WN_svyS-gJHQ-yFv6b4w7PFzg

Once your registration is complete you will receive additional information regarding how to observe the meeting.

AGENDA

January 16, 2024

9:00 a.m.

Roll Call	**9:00 a.m.**
Review and Approve Minutes	**9:00-9:05 a.m.**
Action Items	
1. **Nominations for Board Chair and Vice Chair, at meeting** (Chair Thomas)	**9:05-9:15 a.m.**
2. **Nationwide Year-In-Review and Annual Service Plan** (Matt Gill)	**9:15-10:00 a.m.**
3. **Board Travel-NAGDCA Conference** (Paul Miller)	**10:00-10:05 a.m.**
Discussion Items	
4. **Retirement Readiness Phase II** (Stephen Budinsky, Sarah Boctor, Matthias Bauer)	**10:05-11:00 a.m.**
5. **Strategic Plan Objectives Update** (Kevin Kirkpatrick)	**11:00-11:15 a.m.**

Information Items

6. **Nationwide Contract Update**
7. **January Board Update**
8. **Finance**
   - **Administrative Fund Financial Statements (December)**
9. **Service and Marketing Update**
10. **Service Efforts Report 2023**

OHIO Deferred Compensation

MINUTES

Minutes of
OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION BOARD

A publicly noticed meeting of the Ohio Public Employees Deferred Compensation Board was held at the Ohio Public Employees Retirement System offices located at 277 East Town Street, Columbus, Ohio on November 14, 2023, at 9:00 a.m.

Members present: Chair Ken Thomas; Ms. Julie Albers; Senator Louis W. Blessing, III; Mr. Randy V. Desposito; Mr. James E. Kunk; Mr. Christopher Mabe; Mr. Kevin Milstead, representing Ms. Kathleen Madden; Mr. Stewart Smith; Mr. Timothy Steitz; Mr. James R. Tilling; and Mr. Steve Toth.

Also present: Mr. Paul D. Miller, Interim Executive Director, Mr. Kevin Kirkpatrick, Ms. Natasha Natale, Mr. Jason Chang, and Ms. Cindy Ward of the Ohio Public Employees Deferred Compensation Program; Mr. Matt Gill (virtual) and Mr. Cedric Gaaskjolen of Nationwide, Ms. Caroline Mills of the Attorney General's office (virtual); Mr. Matthias Bauer and Mr. Stephen Budinsky of RVK, Inc. (RVK); Ms. Andrea Selke and Mr. Mike Lipinski of Plante Moran.

Member(s) absent: Representative Richard Brown and Mr. Scott Richter.

Chair Thomas called the meeting to order.

Minutes

The minutes of the September 19, 2023, Board meeting were presented.

Mr. Smith moved; Mr. Mabe seconded to accept and file the minutes listed above.

All aye. The motion passed without dissent.

Action Items

Mr. Budinsky reviewed the background of the Ohio DC Proxy Policy that was adopted in 2004. He explained the recommended updates and that the Policy would be reviewed at least annually to respond to any needed changes, and he presented the redlined and clean copy of the updated Proxy Policy.

(Ms. Albers and Mr. Desposito entered the meeting.)

Discussion was held regarding the difference between a proxy policy for a defined benefit (DB) pension plan and a defined contribution (DC) plan, maintaining the focus on good governance that is in the best interest of the shareholders, the amount of flexibility and guidance in the Corporate Governance section (VII.) of the Policy, and that participants are the individual fund holders in a DC plan. It was noted that Ohio DC had previously used Glass Lewis as a proxy resource provider, but due to the lack of proxies, that contract no longer exists. Staff provides the Board with an annual report summarizing compliance with the Proxy Policy.

Mr. Budinsky noted that some CIT providers may provide pass through proxy voting to the underlying funds where institutional investors can choose from multiple proxy policies. He noted that there was an additional change, after materials were sent out, in section V.C. and VI. of the Policy. The changes align the language regarding missed and non-conforming votes and the timing of Board notification.

Mr. Mabe moved; Mr. Desposito seconded to approve the proposed Proxy Policy edits as presented.

Chair Thomas asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Smith	yes
Mr. Desposito	yes	Mr. Steitz	yes
Mr. Kunk	yes	Mr. Tilling	yes
Mr. Mabe	yes	Mr. Toth	yes
Mr. Milstead	yes	Chair Thomas	yes

The motion passed unanimously.

(Senator Blessing entered the meeting.)

Mr. Bauer presented the third quarter 2023 capital markets review and noted the economic environment, market performance, rising interest rates, the treasury yield curve, and inflation rates. Mr. Bauer reviewed Ohio DC's asset allocation, fund performance, and fund monitoring summary. Stable Value Option (SVO) strategies managed by Jennison and Nationwide continue to be in "yellow" status due to organizational changes. Based on the fee analysis, Ohio DC investment fees remain competitive and are low cost. Mr. Bauer highlighted the cash flows by fund. RVK does not recommend any changes to the investment options.

Discussion was held regarding the lag of the SVO crediting rate compared to the money market yields. It was noted that the SVO average duration is a factor of the slower tracking of the crediting rate, and as fixed income rates decrease, the SVO will continue to rise and close the gap. Historically, the SVO has outperformed the money market rates. The structure of the SVO smooths out the interest rate highs and lows. Discussion continued regarding any anticipated changes to target date fund glidepaths. It was noted that BlackRock periodically performs robust research regarding their glidepaths, and they make changes if necessary.

Ms. Albers moved; Mr. Smith seconded to approve the RVK reports as presented.

All aye. The motion passed without dissent.

Mr. Kirkpatrick summarized the recommended changes to the *Board Governance Policy Manual*. He noted that in conjunction with the internal fiduciary review item on the Strategic Plan, staff will conduct a thorough review of the individual policies appended to the manual.

Senator Blessing moved; Mr. Desposito seconded to approve the recommended changes to the *Board Governance Policy Manual* as presented.

Chair Thomas asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Smith	yes
Senator Blessing	yes	Mr. Steitz	yes
Mr. Desposito	yes	Mr. Tilling	yes
Mr. Kunk	yes	Mr. Toth	yes
Mr. Mabe	yes	Chair Thomas	yes
Mr. Milstead	yes		

The motion passed unanimously.

Chair Thomas indicated that anyone interested in being nominated for the 2024 Board Chair or Vice Chair, should let him or Ms. Ward know. Nominations will be held at the January 2024 Board meeting. Chair Thomas indicated that he and Ms. Albers are interested in continuing as Chair and Vice Chair, respectively, for another year.

Mr. Miller presented the year-to-date 2023 financial results. He provided the details of the 2024 revenue and expense budgets. Ohio DC 2024 revenues are budgeted at $16.4M (6.9 percent increase over 2023) and the administrative expenses are budgeted at $15.3M (6.4 percent increase over 2023).

Discussion was held regarding the Enrich financial wellness services expense. Mr. Miller explained the cost covers each participant and gives them the ability to set up an Enrich account. The level of Enrich engagement and types of communications regarding the platform were discussed.

Mr. Miller reviewed the planned 2024 capital expenditures. The 2024 capital expenditures are budgeted at $2,952,000. The fund reserves are projected to be at 15.1 months of expenses at the end of 2024. Mr. Miller noted the detailed administrative and capital budgets included in the agenda.

It was noted that the fees for an Executive Director search are included in the professional fees budget item. Mr. Miller reported that the staff has just received information from OPERS regarding purchasing services for human resources and IT services, and staff will be reviewing the information and going out to the market to compare the costs.

Mr. Smith moved; Mr. Kunk seconded to approve the 2024 administrative and capital expenditure budgets, as presented.

Roll call vote was taken:

Ms. Albers	yes	Mr. Smith	yes
Senator Blessing	yes	Mr. Steitz	yes
Mr. Desposito	yes	Mr. Tilling	yes
Mr. Kunk	yes	Mr. Toth	yes
Mr. Mabe	yes	Chair Thomas	yes
Mr. Milstead	yes		

The motion passed unanimously.

(Senator Blessing left the meeting.)

Mr. Gill reviewed the seven employers recommended for formal recognition with the adoption of a Board resolution, and the criteria and process for their selection. Employers will be recognized on the employer website and newsletter. If possible, the framed resolution will be presented in person to the employer. Resolutions for the following employers were recommended:

Trumbull Metropolitan Housing Authority
Columbus Zoo and Aquarium
New Boston Local Schools
Ohio University
Frontier Local School District
Ross County
Memorial Hospital of Union County

Discussion was held regarding the need to communicate the efforts of the recognized employers to other employers and continue to recognize employers that support Ohio DC.

Mr. Desposito moved; Mr. Tilling seconded to adopt the resolutions as presented.

Chair Thomas asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Smith	yes
Mr. Desposito	yes	Mr. Steitz	yes
Mr. Kunk	yes	Mr. Tilling	yes
Mr. Mabe	yes	Mr. Toth	yes
Mr. Milstead	yes	Chair Thomas	yes

The motion passed unanimously.

Information Items

Chair Thomas noted the information provided on the security measures used for online bank information updates. Mr. Miller pointed out the 2024 Board meeting schedule and the September meeting change to an October meeting due to the conflict with the NAGDCA conference.

Discussion Items

Mr. Toth moved; Mr. Kunk seconded to go into Executive Session at 10:30 a.m., pursuant to Ohio Revised Code §121.22(G)(6) to provide details relative to the security of Ohio DC and its operations.

Chair Thomas asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Mr. Smith	yes
Mr. Desposito	yes	Mr. Steitz	yes
Mr. Kunk	yes	Mr. Tilling	yes
Mr. Mabe	yes	Mr. Toth	yes
Mr. Milstead	yes	Chair Thomas	yes

The motion passed unanimously.

(Mr. Miller, Mr. Kirkpatrick, Mr. Chang, Ms. Natale, Ms. Ward, Ms. Mills, Ms. Selke, and Mr. Lipinski remained in the Executive Session.)

The meeting returned to regular session at 10:51 a.m.

Mr. Mabe moved; Mr. Tilling seconded to adjourn the meeting at 10:51 a.m. until the next regular meeting of the Board, January 16, 2024, to be held at the Ohio Public Employees Retirement System offices, located at 277 East Town Street.

ACTION ITEMS

Nominations for Board Chair and Vice Chair

(at meeting)

2023 Year in Review and 2024 Annual Service Plan

Ohio Deferred Compensation

1/1/2024- 12/31/2024

Ohio Deferred Compensation
Invest in you.

Review of 2023

Service Center telephone calls and emails

- The Service Center received 127,272 incoming calls in 2023, which is 7% lower than the previous year. However, the average talk-time per call increased by 2.4% from 2022.
- The number of emails received was 9% lower than 2022, but higher than the 10-year average.
- The Service Center's average satisfaction score was 89%. It is important to note that the changing survey methodology likely resulted in slightly lower scores.

Program growth

- There were 20,169 new enrollments and 16,166 SMarT Enrollments in 2023, both of which are new records. After accounting for auto-enrollment, 2023 was the runner-up for the highest enrollment total on record.

Personalized services

- The demand for in-person meetings returned to normal (pre-Covid), except for some urban areas.
- The frequency of webinars was significantly increased, and the quality and variety of content improved. There was a 174% increase in webinar attendance from 2022.
- The average personalized service satisfaction score was 93%.

Administrative Highlights from 2023

More than 3,300 State of Ohio employees were auto-enrolled

Withdrawal processing automation/online withdrawals

- More than 21,000 withdrawals processed by the Service Center with half the data entry required from two years ago.
- More than 7,700 online withdrawal requests; doubling the numbers from 2022.

PINDROP fraud detection

- Nationwide uses software to help recognize the likelihood of a fraudulent caller.
- Nationwide's fraud team flags suspicious calls and assists us in researching any concerns raised by our customer service team.
  - 683 calls were flagged for further analysis in 2023, but the vast majority were deemed non-fraudulent after research.
- A list of known fraudsters is compiled and provided to Ohio DC staff each month.

Ohio DC staff implemented the JP Morgan Early Warning system to reduce fraud by matching bank account information to Ohio DC recordkeeping information

Virtual Adventure Center

- Offered employees a destination to watch videos, enroll, read literature or sign up for a webinar.
- The Virtual Adventure Center produced over 6,700 visits with employees logging over 40,000 interactions with the site during the last five months.

Face-to-face Services

Field Account Executives

- There are currently 13 Field Account Executives covering 88 counties.
- Servicing plans include a hybrid approach to presentations and account reviews.
- Enrollment/Orientation meetings continue to help Ohio DC account growth.

Retirement Planning Specialists (RPS)

- Appointment offerings will be expanded in 2024.
- The Service Center is open to in-person meetings by appointment only.
- The appointment requirement results in counseling participants with a genuine need for planning services versus basic information that can be handled by the Service Center.
- RPS resources and experience can also be diverted for inbound correspondence, workflow management, and answering incoming calls when appointment demand is lower.
- The RPS team is significantly enhancing the number of participant interactions by expanding webinar content and frequency of offerings which also results in greater individual appointment activity.

Service Center

Hiring and training

- The Service Center is perpetually seeking candidates who are personable and desire to serve participants who can also pass both licensing exams.
- Although associates can assist with some of the workload from their first day forward, it takes months of training for them to fully contribute. As they gain experience, they will be given more responsibility.
- Management invests significantly in the interviewing, hiring, onboarding, training, and monitoring of new associates' studying progress.

Gap coverage for peak volume

- In case of emergency, Field Account Executives can be utilized as they have phone queue capabilities.
- Retirement Planning Specialists assist with the phone queue during peak periods and also answer participant correspondence regularly.
- Both the Team Leads and the processing team frequently assist with answering participant correspondence and assisting with the phone queue.
- Increased cross-training on all teams continues to be a high priority for the Service Center.

Participant & Employer Communications

Group education

- Group workshops are delivered by Field Account Executives and Retirement Planning Specialists (RPS).
- New employee orientation meetings are important for continued plan growth.
- Live webinars are delivered by RPS:
  - ✓ Approaching Retirement – Preparing to Retire
  - ✓ Approaching Retirement – Beyond the Basics
  - ✓ Ask Ohio DC
  - ✓ Asset Allocation & Managing Risk
  - ✓ Closing the Retirement Gap
  - ✓ Enrich Your Financial Wellness
  - ✓ Retired Minds Want to Know
- Live webinars are also delivered in partnership with the Nationwide Retirement Institute (NRI):
  - ✓ Introduction to Medicare
  - ✓ Social Security
  - ✓ Women in Retirement
  - ✓ Tax Efficient Retirement Income
- Recorded webinars are frequently updated.
- Collaboration with pension systems including STRS webinars & OPERS webinars has strengthened relationships with participants and employers.
- In-person group education events are also conducted with OPERS, STRS, OP&F, OHPRS.

Participant & Employer Communications

Individual consultations

- Online scheduling tools are available for virtual appointments and onsite visits.
- “Office hours” are available for any participant to schedule a virtual appointment and manage overflow from on-site visits.

Electronic communications

- Virtual Adventure Center (Target 7,500 visitors)
- 60 promotional emails are already scheduled for 2024.
- Online videos and recorded webinars are expanding.
- Calculators and Tools
  - 2024 enhancements are planned for My Interactive Retirement Planning tool.
  - Enrich promotional activity will target existing and new users.

Quality Management

Call quality scoring by XM Discover

- 100% of calls evaluated rather than a random sample.
- Speech is transcribed to text.
- Artificial intelligence scores all calls.
- Calls are analyzed by managers.

Evaluation of soft skills, basic behaviors, and technical knowledge for continuous improvement

- Software evaluates words spoken by Account Executives and participants.
- Software interprets tone, empathy, responsiveness, positivity, confidence, etc.
- Management is alerted if basic behaviors are not met such as providing advice or failing to validate a caller before continuing the call.
- Software provides a specific focus for training by pointing managers to areas needing improvement within call segments and overall patterns for a specific Account Executive.
- “Turning points” are highlighted in a call when the participant sentiment changes to analyze trigger words or statements.

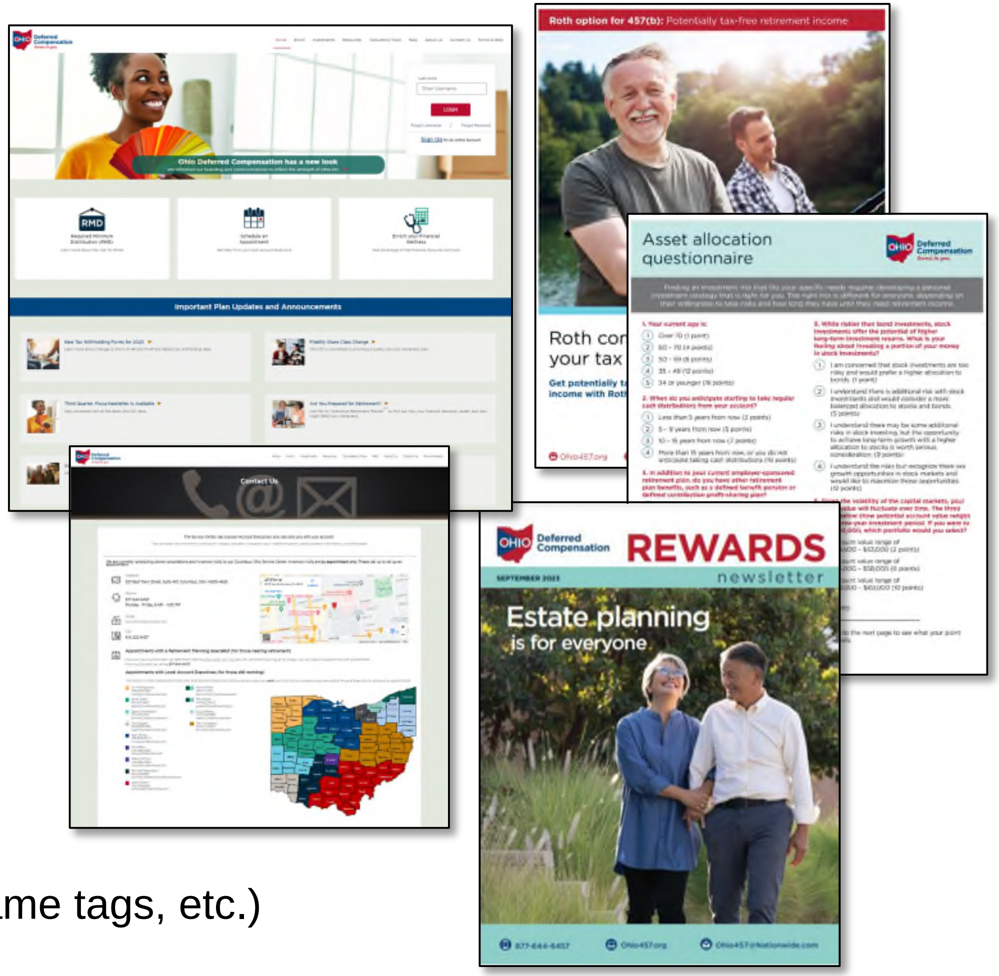
Rebranding Project

Participant and employer website
- Graphics, logo, and color enhancement complete
- Complete website audit is in process

Electronic information
- Worksite announcements
- Scheduling software
- Webinars and presentations

Printed materials
- Forms
- Marketing/enrollment materials
- Educational brochures

Other brand collateral
- Indoor and outdoor signage
- Display materials (tablecloths, pull-up banners, garments, name tags, etc.)
- Promotional materials (drinkware, pens, notepads, etc.)



2024 campaign messages will align with the theme: Invest in you

Strategy

The Ohio DC annual campaign consists of quarterly messages/assets that push a consistent theme for the year and tend to cover all the “big rock” objectives for retirement plans over the course of the year: retirement readiness, utilizing personal support, tools and educational access, and increased enrollments.

Theme

The “Invest in you” concept takes the sense of personal empowerment and motivation that aims to appeal to a participant's aspirations for a secure and potentially prosperous future. It reinforces the idea that financial security and retirement readiness are within their control when they actively participate in Ohio DC. By investing in themselves and their retirement, they have the potential to meet their goals.

Audience Takeaway Message:

Ohio DC has resources available to help employees feel motivated to invest in themselves through education on important retirement topics and actions to take on their retirement journey through every life stage.

Sample Headlines

Invest in your financial freedom. **Invest in you.**
Invest in your future stability. **Invest in you.**
Invest in your financial wellness. **Invest in you.**
Invest in your future. **Invest in you.**

The Q1 campaign

Strive for financial wellness in the New Year with five steps to improve financial wellness by using Ohio DC's planning tools, and Enrich, with its wide array of personalized tools. By investing in oneself, participants can start the new year motived to learn more about healthy retirement habits. The main concepts are mindfulness, managing budgets, and timely savings.

Get Motivated to Invest (January - March)

Print
Newsletter article promoting tips about creating a budget, investing early, and using Enrich for overall financial wellness

Digital
Web banner linking to article about focusing on investing in your financial future

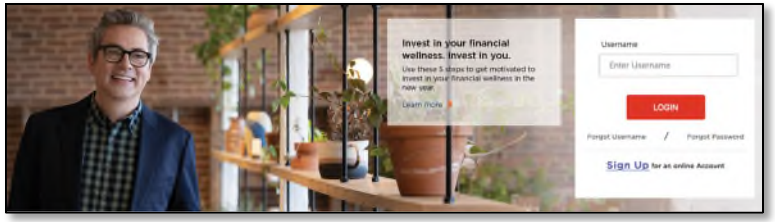
Promotion
New webinars for employees to help them make decisions for mindful savings habits

Communication mediums include:

- Web banners
- Newsletter articles
- Targeted emails to participants
- Videos and presentations online
- Online webinars
- Auto features (SMarT, Auto-enrollment)
- Virtual and in-person consultations from Field Account Executives and Retirement Planning Specialists

Focus Newsletter

Ohio457.org



The Q2 campaign

This quarter will focus on financial wellness through the Enrich platform and Field Account Executive financial wellness workshops. Enrich messaging will focus on benefits/services adoption, stress reduction, and retirement insights. Field Account Executive workshops will help participants sign up in Ohio DC and encourage existing participants to resume their progress toward their short and long-term financial goals in Enrich.

Financial Wellness/Enrich (April - June)

Print
Newsletter Article to focus on the importance of reviewing their financial objectives, retirement income, risk tolerance and current investments

Digital
Series of targeted emails that include instructions on activating their free Enrich membership

Promotion
Webinars for both employers and employees on closing the retirement gap, approaching retirement considerations, and maximizing retirement savings benefits for retirees

How participants can obtain free financial assistance and education on a variety of topics

- **Online self-help**
- **Group Education**
- **Individual meetings**

The Q3 campaign

We will redesign a 3-D simulated environment with lights, music, interactive and educational videos, downloadable educational content, ability to meet with Field Account Executives, attend live or view on-demand webinars, and website links to take further actions.

Virtual Interactions & Tools (July - September)

Print
Newsletter article promoting the event, tools, and schedule meeting with a Field Account Executive for a one-on-one consultation

Digital
Web banner on Ohio457.org and emails linking to the Virtual Event

Promotion
Discussion with employees from Field Account Executives and messages from employers to employees to visit the event

Communication mediums include:

- Web banners
- Newsletter articles
- Targeted emails to participants
- Virtual and in-person consultations from Field Account Executives and Retirement Planning Specialists

Examples from the 2023 virtual event

The Q4 campaign

Inform employees with tips about safety and security via setting up an online profile, keeping personal information updated, and tips to prevent fraud. There is also flexibility with this messaging to remind participants of important year-end updates like Secure Act changes, new contribution limits, catch-up limits, and opportunities to invest lump sum contributions of sick and vacation pay.

Cybersecurity & Opportunities to Invest in You (October - December)

Print
Newsletter article promoting tips and messaging about important year-end updates

Digital
Web banner linking to article relating to the content and themes

Promotion
Webinars to help employees be more informed about their retirement security and to protect their privacy.

Communication mediums include:

- Web banners
- Newsletter articles
- Targeted emails to participants
- Videos and presentations online
- Online webinars
- Auto features (SMarT, Auto-enrollment)
- Virtual and in-person consultations from Field Account Executives and Retirement Planning Specialists

Web & Adventure Center Demo

Ohio457.org

- Rebranding
- Online literature
- Webinar registration and recordings

Ohio DC Virtual Adventure Center

- Videos
- Links
- Educational information

Closing

2024 Annual Service Plan

- Continue to grow assets and participants
- Complete brand enhancement project
- Recruit, train, and retain future leaders
- Focus on account retention
- Provide high-quality services that exceed participant expectations according to independent survey results and XM Discover benchmarking

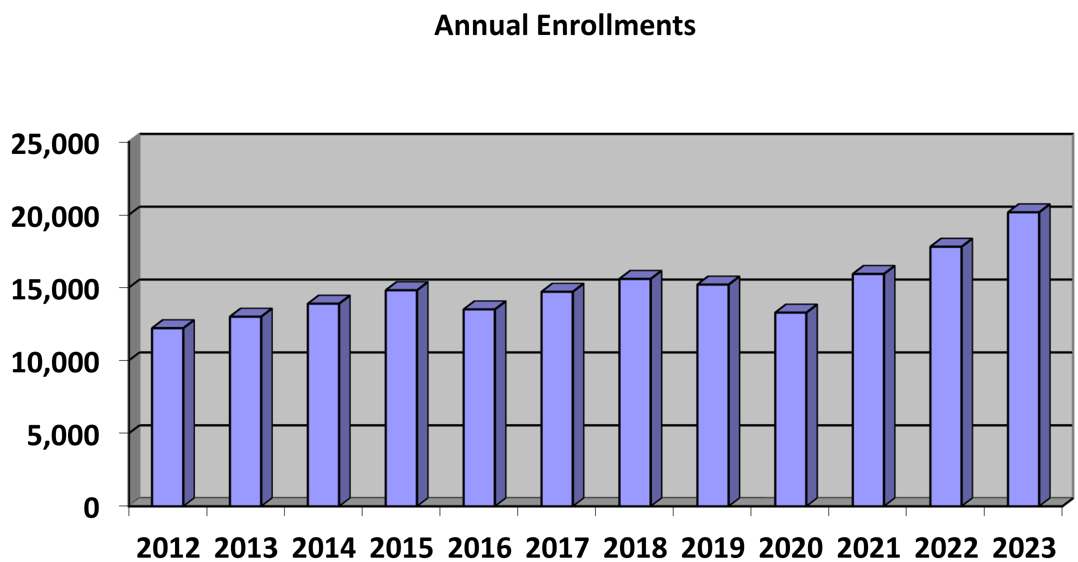
Questions & Answers

Ohio Deferred Compensation
Invest in you.

2023 Year in Review

I. Service Summary

Despite global conflict, market volatility, high inflation, and ongoing threats of a recession, Ohio DC growth continued to be very strong in 2023. Nationwide helped enroll 20,169 new participants while adding 16,166 participants to the SMarT Plan. Through our retention efforts and roll-in efforts, we helped add 9,409 net new accounts (enrollments, rollovers-in and transfers-in minus rollovers-out, transfers-out, and account depletions). This is a 9% increase over net new accounts in 2022. Last year was the highest enrollment year ever for Ohio DC. If State of Ohio auto-enrolled participants are removed from the equation, 2023 was the second-highest enrollment year on record. The chart below illustrates the last ten years of enrollment history which tends to also reflect stock market performance:



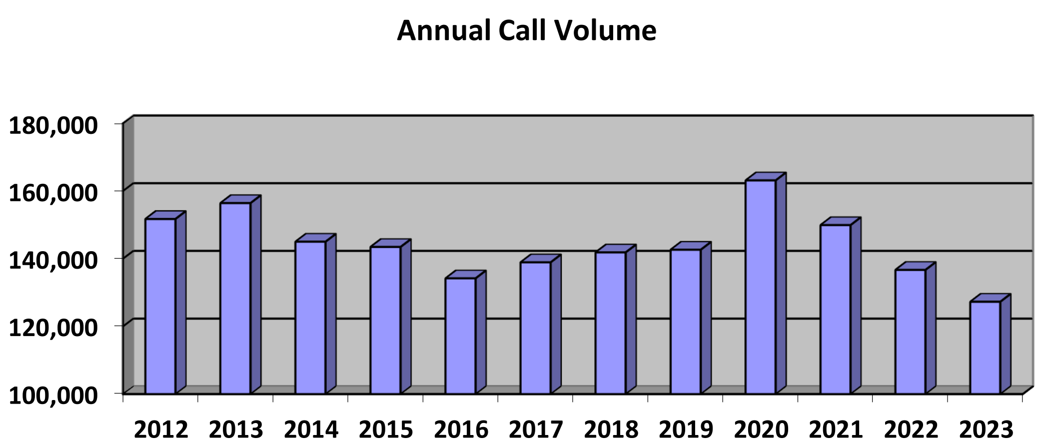
Retirement Planning Specialists (RPS) continued to perform a variety of services, including conducting in-person services, virtual meetings, and webinars while managing participant correspondence to the Service Center, assisting with incoming calls, and managing administrative workflows. They also conducted retirement readiness meetings for special groups like Ohio public safety employees throughout the year and increased the frequency and content of group webinars.

RPS and Field Account Executives also participate in virtual retirement seminars sponsored by Ohio pension systems including OPERS, STRS, OP&F, and HPRS.

The Service Center handled 127,272 incoming calls in 2023 which represented a 7% decrease from 2022. Talk time increased by 2.4%. In order to anticipate fluctuations in call volume, a daily schedule is prepared in advance and any updates or revisions are made the next morning based on unscheduled employee absences. Although calls to the Service Center can be unpredictable, our management team does its best to plan for periods that are traditionally busy, such as those following Ohio DC communications, holiday weekends, and stock market or political events. The swings in call volume have become increasingly erratic in the last few years. However, increased web self-service has contributed to the overall reduction in calls.

Throughout most of the year, Nationwide was efficiently staffed to handle call volume. Our number one challenge remains staffing in a tight labor market. We have streamlined our training to allow representatives to contribute earlier by handling some of the routine calls sooner while gradually increasing subject matter knowledge over time. We continue to see more calls from retiring participants regarding withdrawals and required minimum distributions, which are more complicated and require more time. Unforeseeable Emergency withdrawals have increased due to self-certification, but there are fewer escalations to supervisors as a result.

The following chart shows a ten-year history of call volume:

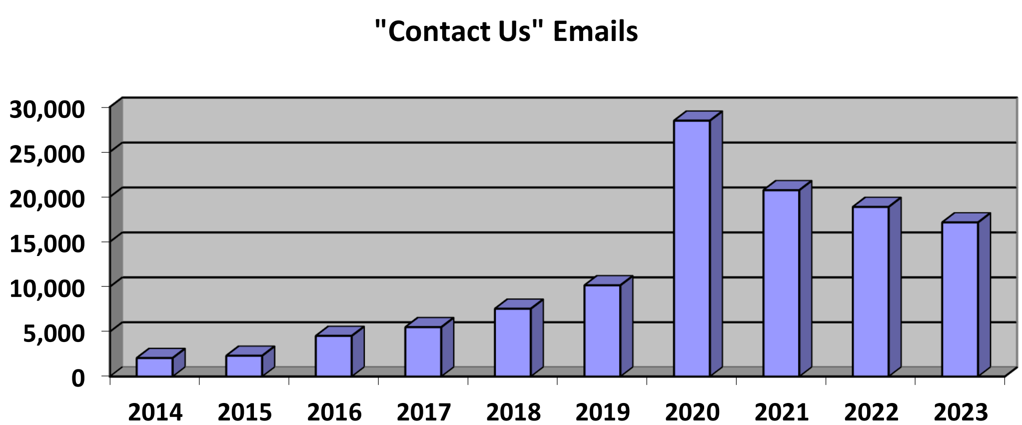


Our top focus in training Account Executives is providing a high level of call quality. This becomes especially important when navigating through periods of change. Satisfaction scores reported by the third-party vendor showed a decrease in participant satisfaction. This was not entirely unexpected based on a change to the survey methodology. We anticipate future benchmarks will be lower because of this change. Survey score reductions are also historically typical during periods of market uncertainty as participants sometimes have a hard time separating their account value from the service and professionalism of the representative. The opposite is true for periods when stock prices are on the rise. Even with high market volatility 89% of participants rated their experience as either very satisfied or satisfied. Scores for Field Account Executives were also high at 93%. Last January, we shared with the Board a new Artificial Intelligence system we had begun using called XM Discover. This software is also helping us benchmark the caller experience.

XM Discover (Caller experience)
Instead of using old methods of manually listening to and scoring a limited sampling of calls, the quality management solution is evaluating 100 percent of the calls in the Service Center. After transcribing the speech into text, artificial intelligence and machine learning is used to auto-score every call. By analyzing calls in this way, the leadership team will continue to develop a more comprehensive understanding of our team's performance. As the software evaluates the words spoken by both the Account Executive and the participant, it can also interpret tone, empathy, responsiveness, positivity, confidence, and more. The data collected from XM Discover highlights areas where improvements in the participant experience have been made, but also "hot spot" that would be a worthwhile investment for further Account Executive training.

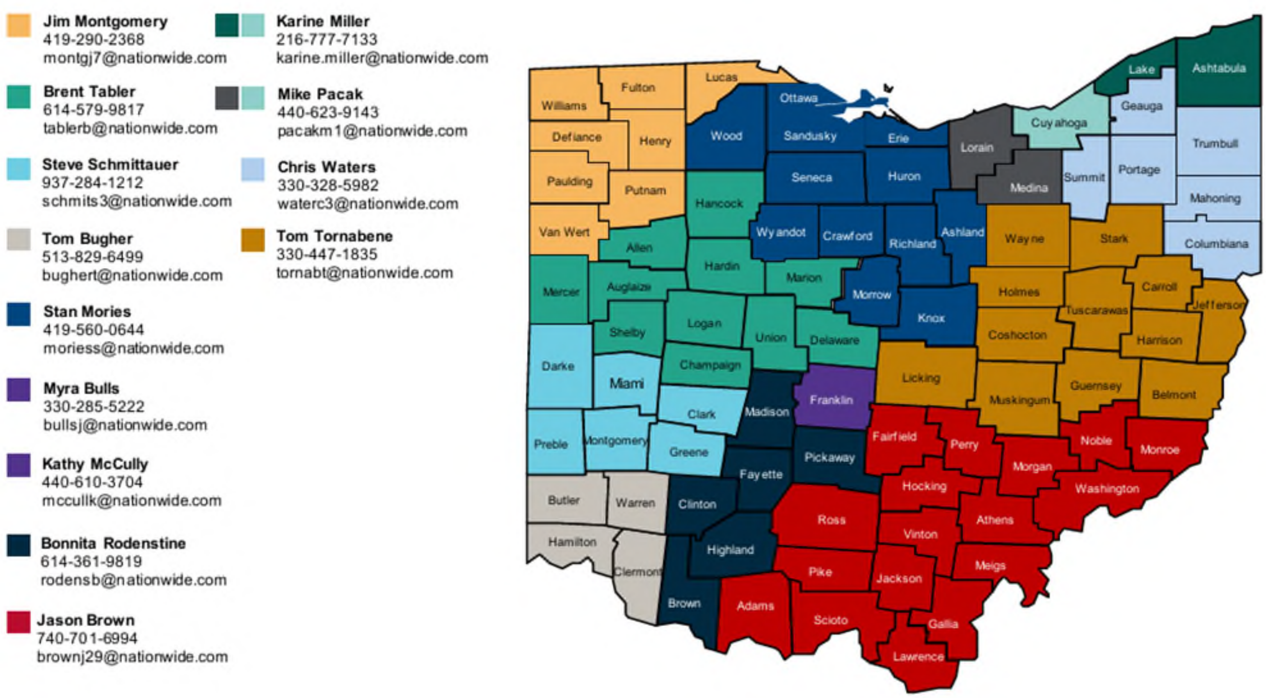
Benchmarks of our own performance from period to period show that the team made improvements in the participant experience in the second half of 2023 compared to the first half. The customer experience score improved overall by 2.1%. Customer confusion was down 1.8%; knowledge gaps were down 2.3%; customer frustration was down 4.7%; and the escalation rate was down 25.3%. This internal benchmark seems to pair up with the participant survey since both showed improvements in the second half of 2023.

"Contact Us" Incoming Email Communication
Over the last four years, the Service Center has seen a significant increase in the number of "Contact Us" emails initiated from the website. Email volume in 2020 was an anomaly due to the new website and the uncertainty surrounding Covid 19. Email volume decreased by 9% in 2023 and seems to have normalized, but remains substantially higher than the 10-year average. Participants are increasingly comfortable doing business in an electronic format. However, for security reasons, we do not release any personal account information in an email. The following is a chart depicting the past ten years of incoming emails:



Personal Face-to-Face Services

Field Account Executives are making both in-person and virtual visits to reach public employees all across Ohio. We currently have 13 full-time Field Account Executives covering thousands of locations across the State. Shown below is an updated Field Account Executive coverage map. A drop-down menu is posted on the participant website allowing participants to click on the county where they work which brings up a representative's name to schedule an appointment through the online scheduling tool.



II. Participant and Employer Communications

Ohio DC also continues to increase the number of participants who utilize eDelivery of statements and confirmations, web tools and content, and online webinars to educate and inform. We have collected email addresses from participants at every touchpoint for 18 years. Email communication has become a way to reach a significant segment of the population. With nearly 192,000 email addresses stored on the recordkeeping system, we have the ability to create queries to target specific groups of participants with customized messaging.

Outbound Electronic Communication – Email
Ohio DC's open rates increased from 51% to 56% last year; more than double the industry average. Emails have much higher open rates when they correspond to a specific event like a webinar or a fund change. Emails also have much higher open rates when the target audience is a more mature population. Although the younger audience has greater usage of electronic communication, they are less engaged than the older population with higher balances. The most opened email of 2023 was the 2024 Contribution Limit Increase email.

The following email campaigns were conducted for employers:

- Employer newsletters sent by the Board staff (February, April. June, August, October, December)

The following email campaigns were conducted for participants:

- Marketing campaign promotional emails – Put Your Heart in It (January, April) and A Fresh New Look branding campaign (July, October)
- Enrich promotional email (March, July, September, December)
- Quarterly newsletter email reminders – sent to participants who have elected eDelivery reminding them the newsletter is available for viewing on the web.
- Early Saver Newsletter sent to young savers encouraging positive financial behavior and highlighting tips and information of interest to younger participants. (March, September)
- Retiree education sent to participants who might be close to retirement age, providing a web link to the Retiree *Rewards* Newsletter. (March, September)
- Beneficiary clean-up emails to participants who have not selected a beneficiary. (May, September)
- eDelivery reminder email (February)
- Cybersecurity Awareness reminder (June)
- Stay in Plan retention email (September)
- Annual Statement eDelivery Opt-in email (August)
- Required Minimum Distribution email (October)
- Webinar announcements, including National Retirement Security Month, sent to promote the web-based seminars offered by Ohio DC. (Monthly)
- Increased annual contribution limit email (December)

Electronic Communication – Web based Seminars/Education

Demand continues for webinars, especially for those participants nearing or already in retirement. During 2023, roughly 4,376 participants attended our centrally coordinated webinars. Most sessions are focused on mid-career participants, those nearing retirement, and those who are already retired. Webinar recordings are posted to the website to answer participant requests and to watch a webinar for a second time or refer it to a friend. Webinar attendance was up 174% from 2022 due to an increased number of offerings and fresh content.

Employer Recognition

Since 2011, the Board has recognized employers who have done an outstanding job as advocates for retirement education, enrollment, and savings levels among employees. Nationwide has worked with Board staff to identify and select candidates. Steps taken to identify and select employers include:

- Calculating an increased percentage in the change of new enrollments.
- Calculating an increased percentage in the change of active participants.
- Calculating an increased percentage in the change of total deferrals.
- Calculating the total percentage of active participants enrolled in the SMarT Plan.

All 2023 employer awards will be featured in the bi-monthly employer newsletter after their award has been presented in-person.

III. Primary Marketing Initiatives

“Put Your Heart in it, Ohio” ongoing theme for Q1 & Q2 of 2023 *(Strategic Goal 1 & 2)*
The strategy behind the marketing campaign for the first half of the year was carried over from 2022 because of the branding initiative that was set to begin in third quarter. The strategy behind carrying this forward was to continue to remind people what they are saving for: family, future security, and peace of mind – which was depicted with emotion-stirring photography. The theme celebrates midwestern values, letting us speak to the great service and support Ohio DC provides using local resources and people. Photography included warm, heartfelt close-ups that exude confidence and happiness. Dynamically cropped images depicted family while a subtle heart vignette highlighted the emotional core of the images throughout the campaign.

This campaign was supported by marketing efforts in the following areas:

- Web banners
- Newsletter articles
- Targeted emails to participants
- Videos and presentations online
- Online webinars
- Virtual and in-person consultations from Field Account Executives and Retirement Planning Specialists

Headlines were:

- You’re Putting Your Heart Into Saving
- At the Heart of 2023 Planning: Financial Wellness

Ohio DC Rebranding Launch Q3 & Q4 *(Strategic Goal 1 & 2)*
Third quarter marked the beginning of the Ohio DC rebranding launch. This project will continue well into 2024 as we redesign and reprint every piece of literature, online collateral, forms, and signage/banners/tablecloths, promotional give-aways, etc. During the January Board presentation, we will demonstrate the new brand in action.

Virtual Adventure Center *(Strategic Goal 1 & 2)*
In August of 2021, Nationwide created our first virtual benefits booth to provide to employers who did not have a benefits fair or annual enrollment meeting due to the pandemic. Employees could watch videos, enroll, read literature, or sign up for a webinar. We changed the theme for 2023 to become a “Virtual Adventure Center” with more choices of places to visit. This is a great substitute for events like school in-service days where our 13 Field Account Executives cannot possibly cover hundreds of invitations over a two- to three-day period. With over 6,700 unique visits and more than 40,000 interactions, this was a successful project in its third year.

Opt-in Enrollment & Auto-Enrollment *(Strategic Goal 1 & 2)*
Nationwide has continued to receive significant numbers of enrollment forms from State departments that pass out the Supplemental Retirement Election form for employees to make a yes/no decision about their participation upon being employed by the State of Ohio. This Ohio DC opt-in/opt-out process for State employees was required by State law until auto-enrollment went into effect in 2022. Now opt-in applies only to agencies that did not adopt auto-enrollment. However, we continue to see the success of the Opt-in process for non-state employers.

There are also several voluntary auto-enrollment programs for employers who have elected to participate in the auto-enrollment process (State Teacher's Retirement System, School Employees Retirement System, Ohio Public Employees Retirement System, Ohio Deferred Compensation staff, and the City of Marietta).

National Retirement Security Month (NRSM) *(Strategic Goal 1 & 2)*
The most effective method of reaching participants during NRSM each year is with emails and webinars. Emails drive participants to attend a webinar for additional information. Feedback from participants who attended the webinars was very positive. We are now conducting verbal question-and-answer sessions so all participants get the benefit of hearing others' questions and the answers. This seems to be a more effective and educational process for learning.

Advertisements for the webinars were posted on the participant website and sent by email invitation to target audiences based on the type of workshop being offered. Below were the offerings for NRSM:

- **"Asset Allocation & Managing Risk" –** This is a new webinar for all Ohio DC investors covering basic information about controlling emotions when investing, strategies for managing risk and identifying an asset allocation strategy.
- **"Approaching Retirement" Webinar –** This webinar is for participants who are getting close to retirement. It covers asset allocation, risk tolerance, catch-up contributions, and withdrawal options.
- **"Approaching Retirement – Beyond the Basics" Webinar –** This webinar is for participants who are getting close to retirement but have already learned the basics about Ohio DC. The webinar takes a deeper dive into topics such as asset allocation and retirement withdrawal strategies by providing specific examples and "what if" scenarios.
- **"Retired Minds Want to Know" Webinar** – For participants who have already retired, this webinar discusses lifetime income and asset allocation.

These webinars are also posted online for on-demand viewing.

.

IV. Conclusion

2023 continued to be a year of recovery from the pandemic and lingering labor shortages. Nationwide was able to rebuild staffing and develop future leaders while Ohio DC staff implemented enhancements in the form of participant web self-service. This reduces staff budget while maintaining a high level of service. Despite high inflation and recession fears, the Plan grew at levels we never thought possible just five years ago. The following statistics show our success in both quantitative and qualitative measures:

Enrollments – 20,169 (new record)
SMarT Plan enrollments – 16,166 (new record)
Survey scores – 93% Field Account Executives, 89% Service Center
Employer events – 8,077
Participant contacts (phone, email, on-site meetings, virtual appointments, webinars) – 187,850

The 2024 Annual Service Plan will continue to build on previous successes. Each year, Nationwide strives to make incremental adjustments to our service model to create efficiencies and improve the participant experience. Nationwide looks forward to another year of a productive partnership and appreciates the Board's confidence in Nationwide as your partner.

2024 Annual Service Plan

Nationwide has also created a working document that is reviewed at each Nationwide and Board staff meeting to ensure all items on the Annual Service Plan are completed by year-end. This document is included at the end of this Service Plan and is included in each regular Board meeting agenda. It is the basis for the initiatives we intend to accomplish in 2024, but it is also adaptable to needs that arise throughout the year which may alter the course of our marketing campaigns. Examples include legislative changes, fluctuations in the economy, or results from surveys and participant feedback.

I. 2024 Outlook and Opportunities

The 2022 and 2023 NAGDCA conferences both had sessions about attracting and retaining employees. This has been a topic of conversation each time the Annual Service Plan has been presented to the Board since 2020. Over the last few years, Nationwide, like most employers, has experienced difficulty staffing Service Center and Field Account Executive positions due to retirements and resignations. In addition, we are now competing for labor across the country and not just in Central Ohio due to remote work capabilities. We have noticed a slight improvement in the labor market in the last six months. The candidates showing an interest in working in our Service Center have a bit more life experience than those in recent years. Recent candidates seeking full-time employment are more interested in building a career than jumping from job to job. Our Service Center has also experienced some movement in leadership positions which not only brings in fresh ideas but also provides career development and retention opportunities for employees with experience.

Remote work also presents new challenges and opportunities that didn’t exist before the pandemic. Employees are no longer gathered in the same location at the same time. Therefore, the job responsibilities of Field Account Executives have adapted to reach people at their physical location and at their home office. Given the nature of work for many of our participants such as public safety employees, hospital workers, street departments, sanitation workers, and bus drivers, there is still a high demand for physical presence at the work site. However, continuing to enroll 20,000+ employees each year in this new work environment becomes very challenging without the investments in technology and auto-features that have been made by Nationwide and the Board over the last 3-4 years.

Nationwide and Board staff continue to invest in services needed to enhance and improve the participant experience such as greater web functionality, more convenience, less paper, and more ways to connect with a member of our service team when needed. This Service Plan will highlight the customer-focused strategies we expect to deliver in 2024.

II. Communications

Communications in 2024 will focus on Ohio DC's rebranding and the new tagline, "Invest in you." Branding is much more than just a new logo and color scheme. As part of the rebranding effort, we will be taking a fresh look at everything including forms, the website, educational workshops, field service model, and business processes.

Throughout 2023 we will continue to examine our service model and make the most efficient use of resources. The service model has shifted over the past few years to reflect changing consumer preferences. Ohio DC is no different. Retirement planning competes for time and money with other priorities for an individual or their family. The dollars required to save for retirement are certainly in competition with dollars required for other resources such as housing, education, healthcare, entertainment, etc. The "Invest in you" tagline is designed to keep the retirement investment on the same plane as other financial commitments as we compete for the attention span of public employees who also filter through thousands of other messages bombarding their email, web browsers, and mailbox.

Ohio has roughly 750,000 public employees with employment diversity and geographic diversity. To provide services to cover all of these individuals among the 2,000+ employers, we must offer a variety of methods to communicate with participants and vice versa. All the following are recommended by NAGDCA as best practices for communication in a supplemental retirement plan:

- ✓ One-on-one counseling (Nationwide has 13 Field Account Executives to provide local service, and 2 Retirement Planning Specialists for those nearing or in retirement.)
- ✓ Web-based tools
- ✓ Call centers (Nationwide offers a dedicated Service Center for Ohio DC participants.)
- ✓ Quarterly statements and newsletters (Ohio DC staff produces high-quality statements and partners with Nationwide to create informative newsletter content for all participants, as well as targeted groups like employers, retirees, and early savers.)
- ✓ Group education (Nationwide offers on-site and virtual group education and group webinars as well as content from the Nationwide Retirement Institute.)
- ✓ Social media (Ohio DC maintains a LinkedIn profile.)

In-person
- o Retirement education
- o Group meetings and seminars
- o 1:1 consultations

Over-the-phone
- o Retirement education
- o Needs assessment
- o Personalized investment education

On-line
- o Interactive financial tools and calculators
- o Education videos
- o Mobile-responsive website
- o Virtual/video meetings
- o Financial wellness

Direct marketing
- o Marketing campaigns & programs
- o Email
- o Social Media

Nationwide and Board staff utilize these resources to service participant accounts and increase participation.

The following communication activities are planned for 2024:

<u>Face-to-Face Communication – Local Employee & Employer Services *(Strategic Goal 1)*</u>
While most interaction is related to in-person meetings at the employer worksites, we conduct a significant amount of meetings and workshops over the phone or via video conference. This is particularly useful in urban areas where many employees are still either permanently working from home or are working in some type of hybrid model. Whether in-person or virtual, the personalized and focused attention during meetings with our Field Account Executives always scores well in the participant survey. Since the meeting times are typically much longer than the average phone call, we are limited in the number of participants we can reach in that manner. Because so many participants approach retirement planning and investing with some measure of fear and anxiety, person-to-person communication goes a long way toward building confidence.

NAGDCA also maintains that it is important to provide neutral representatives; individuals who are not there to sell a specific product, but rather to educate and explain the value of the plan. None of our representatives work on commission but are instead provided with some incentives to encourage people to save money for retirement, visit thousands of worksite locations, and other incentives to provide excellent service, which has been proven by survey scores from the third-party survey provider.

Field Account Executives, who normally visit thousands of public worksites each year, are experienced in adapting their approach to various segments of the population.

- Eligible employees – inform non-participating employees about the benefits of Ohio DC and drive them to enroll. We will continue to leverage Salesforce.com, Microsoft Bookings, and Timetap.com to maximize our on-site and virtual visits where we have the greatest opportunities. In addition, we will continue to build partnerships with emerging employers like schools and universities to maximize those visits.
- New enrollees – deliver a personalized "Welcome Experience" that introduces new enrollees to Ohio DC and informs them of the tools and resources available to them.
- Young and Mid-Career Savers – engage participants so that they continue saving for retirement as they manage multiple needs based on their life stage (e.g. saving for their child's college tuition, saving for their retirement, supporting a parent, etc.)
- Pre-Retirees (In Transition) – help pre-retirees plan for their transition from working to retirement by helping them understand their options as they convert their savings into retirement income. Also, offer them the resources of a Retirement Planning Specialist who can work with them to create a more personalized retirement income outlook.
- Retirees – remain committed to offering resources to retirees by educating retirees in-person and over the phone.

It seems that every year in recent history has presented headwinds to new enrollments. For the past several years, the markets have been unstable due to global military action, supply line disruption, inflation, and the pandemic. However, throughout all of these challenges, Ohio DC is still growing at record pace. This is partially due to the way we conduct business with employees and employers:

Simplification – Our representatives continue to provide participants with the tools to make informed retirement decisions, including new employee enrollment, participation in the SmarT automatic increase plan, online planning tools, and the online Virtual Adventure Center. In decades prior, the majority of new enrollments were generated from the single-page EZ enrollment form or the single-page Opt-In form, which further supports the theory that communications need to be simplified. Our Field Account Executives have also been successful encouraging non-State employers to distribute the Opt-In enrollment form, with over 200 employers voluntarily participating in this process. Most enrollments are now completed on the website, which is faster and provides less possibility for error. Field Account Executives can enroll participants online or assist them with a self-service enrollment. As of November 2022, the first State of Ohio auto-enrolled participants had their accounts created on the Ohio Recordkeeping Information System (ORIS).

Ease of Scheduling – Visits to employer locations or virtual visits are primarily advertised by email, though some employers still prefer to use printed materials like flyers and posters. Most employers have become comfortable promoting our online scheduling tools such as TimeTap or Microsoft Bookings. These tools allow the employer to email all employees to sign up for a convenient meeting time. The comments section also allows the Field Account Executive to preview their workday and be prepared to answer the unique questions of each employee listed. This has resulted in much more efficient scheduling and in many cases, has doubled the number of participants choosing to meet with a Field Account Executive. In case of a "no-show" it also provides us with contact information for the employee so we can follow up by email, send them an enrollment form, or link them to our website. This turns an otherwise wasted block of time into a productive outcome. Participants can also go on our website to schedule these appointments.

Efficiency – Typical participant appointments last 20-30 minutes and allow the Field Account Executive time to look up an account on ORIS and review it with the participant. Access to ORIS provides Field Account Executives with enhanced information to assist participants without having to make a call to our Service Center. Action steps such as contribution increases, allocation changes, or beneficiary updates are completed onsite. Field Account Executives also have the ability to record voice transactions like investment exchanges. Whether in person or in a virtual setting, Field Account Executives are also able to demonstrate web tools, perform transactions, walk through web calculators, or provide a variety of resources to help answer questions and illustrate retirement savings concepts like the SmarT Plan for automatically increasing contributions each year.

Collaboration – Our Field Account Executives and Retirement Planning Specialists currently partner with each of the pension systems to take part in their outreach activities. In recent years, the most active pension system with regard to outreach has been Ohio Public Employees Retirement System (OPERS). Increased collaboration with OPERS staff has proven to be very helpful in expanding our audience. Ohio DC representatives now participate in both in-person seminars and a weekly webinar alongside OPERS. State Teachers Retirement System and the Ohio Highway Patrol Retirement System have also included Ohio DC as a regular part of their outreach efforts across all stages of the participants' careers. Retirement Planning Specialists have been asked to participate in special events where a large group of people may be retiring at the same time or those events designed for retirees like Ohio Public Employees Retirees Incorporated (PERI).

Face-to-Face Communication – Service Center Counseling *(Strategic Goal 1)*
Our Service Center accepts appointments for both virtual and in-person retirement planning services needs. By requiring appointments we are able to make sure the participant is speaking with the appropriate person to meet their needs. This has eliminated time wasted by a Retirement Planning Specialist just to answer a simple question or print an account statement, which is something that can be done by the Service Center staff. For those participants who simply wish to drop off paperwork to our local office, we have established a lobby drop-box. Some of the basic topics currently covered by Retirement Planning Specialists during appointments include:

- **Withdrawals:** Help determine how long a certain payment plan might last. Review the advantages of a 10-year payment plan from a tax-withholding perspective.
- **PLOP (Partial Lump Sum Option):** Review the pros and cons of taking a PLOP from their defined benefit plan and rolling it to Ohio DC.
- **Paying Off Debts:** Review tax-efficient debt reduction strategies and prioritize the debt to be eliminated based on financial principles.
- **Tax-Minimization Strategies:** Discuss withdrawal options that are tax-effective and provide the maximum benefit.
- **Asset Allocation in Retirement:** Discuss and implement an investment strategy that fits participants based on their age, objectives, and risk tolerance. Use the Wilshire asset allocation models and a quiz to help define goals and a personalized investment mix.
- **Pre-retirement and Post-Retirement Income:** Help answer the question, "Can I Afford to Retire?" Review current "living income" with expected income in retirement. For participants who might be approaching retirement, suggest ways to close their income gap.
- **Required Minimum Distributions**: Assist members over 73 years of age with IRS required payments. Many customers in this age group prefer meeting people in person, and this local visit makes it easier for them to do so.
- **Retire/Re-Hire:** Explain options available when there is a desire to continue work after retirement. Review tax-saving options and typical concerns for this unique demographic.

- **Participant/Spouse Income Sources:** Put together retirement income from Social Security, public pension(s), personal savings, IRAs, and Ohio DC.
- **Pension Maximization:** Discuss the potential use of insurance to assist with income needs for participants and beneficiaries. Pension plan withdrawal options combined with low-cost term insurance might provide necessary coverage for the participant's heirs. Assist with analyzing the decision to purchase service credit for their pension.

We will continue to expand our reach and will offer the ability to meet virtually or face-to-face with a broad audience from all across Ohio. One of the resources we use most frequently to contact a significant number of participants is email. However, not all messages can be used for the entire participant base, which is why we conduct targeted email campaigns. Targeted electronic messages can be tracked, measured, recorded, and analyzed immediately to allow us to increase the effectiveness of future campaigns. Electronic communications reach the participant and employer via the website, emails, and webinars.

Electronic Communication – Email *(Strategic Goals 1 & 2)*
The plan for 2024 currently involves approximately 65 employer and participant emails promoting various events throughout the year and encouraging financial behaviors in the best interest of participants. We can add or delete emails throughout the year as needed in order to react to market volatility, increased plan limits, Board action, or legislative changes. Scheduled emails are up from previous years due to an expanded number of webinars and new webinar topics.

We continue to strengthen our email address list and currently have over 192,000 email addresses on file. Measurement is also an important component of the communication plan. Industry email open rates are rising, but Ohio DC email open rates are rising faster. Ohio DC's email open rate of 56% is a considerable increase from the prior year and roughly double the industry average according to WebFX's consolidated 2023 statistics which show open rates of 20.2% for financial services. As with other facets of Ohio DC, communications targeted at older participants or those with higher balances are getting the most attention. Younger participants are less engaged. To appeal to younger audiences, we annually send an *Early Savers* newsletter with topics that would be more likely to appeal to a younger audience.

Nationwide has begun conversations with STRS about expanding collaboration on communications with educators since these employers have very low participation rates and large numbers of competing plans. This sector has slowly risen in participation over time but remains our greatest opportunity for enrollment and asset growth.

We continue to send special communications to keep retirees in the loop. Distributed in March and September, the *Rewards* newsletter is designed for participants over age 50. Articles are generally written by the Retirement Planning Specialist team and reflect common questions or concerns that arise from their thousands of appointments each year with retirees. Our Retirement Planning Specialists meet with people approaching retirement and those who have already retired. Using common questions and discussion items from these meetings, the Retirement Planning Specialists write articles designed to answer questions and capture the attention of retirees.

Nationwide is required by law to maintain a “do not call” and a “do not email” list to comply with anti-spamming regulations. Emails to participants cover topics such as quarterly statement notifications, account retention, and webinar announcements. Messages are altered based on the anticipated appeal to a target age range, account circumstances, or other demographic information. For a complete list of all the planned emails in 2024, refer to the Marketing Checklist following this document.

Electronic Communication – Multimedia *(Strategic Goals 1 & 2)*
The following multimedia features are currently available:

- 17 Retirement Basics videos
- Two Professor Penny videos
- Two Ohio DC overview videos
- Seven recorded webinars conducted by Retirement Planning Specialists and Nationwide Retirement Institute

Electronic Communication – Website *(Strategic Goals 1 & 2)*
We continue to promote the “My Interactive Retirement Planner” tool to both existing participants and potential new enrollees, as the tool does not require login credentials. It allows users to incorporate pension estimates from the Ohio public pensions (including various groups), spousal information, and outside assets to help participants gauge their retirement readiness and close the retirement gap. We have incorporated this tool into meeting announcements, account reviews, webinars, and phone conversations. We also developed a flyer and email template that highlights the benefits of this tool.

In addition, Nationwide offers other web tools such as a My Health Care Estimator, Asset Allocation Tool, Paycheck Impact Calculator, Roth Analyzer, and Payout Illustrator Calculator. Our Account Executives also have a variety of other tools at their fingertips to help participants make informed decisions about retirement plan fees, the SMarT Plan, tax withholding, required minimum distributions, and the Enrich Financial Wellness Program.

Electronic Communication – Web-based Seminars/Education *(Strategic Goals 1 & 2)*
Our Field Account Executives and Retirement Planning Specialists will expand our live webinar offerings in 2024. Through a new partnership with the Nationwide Retirement Institute (NRI), we will be offering webinars that focus on broader retirement planning topics such as Social Security, Women and Investing, Tax Efficient Retirement Income, and Medicare. For over a decade, the Nationwide Retirement Institute has been focused on its mission to provide practical "thought leadership" and actionable solutions to improve financial health and retirement outcomes. Ohio DC Retirement Planning Specialists have recently been collaborating with experts from NRI as guest speakers during our "Webinar Wednesday" series.

Retirement Planning Specialists already have 42 webinars scheduled for 2024 covering topics such as:

- Approaching Retirement - Preparing to Retire
- Approaching Retirement - Beyond the Basics
- Asset Allocation & Managing Risk
- Closing the Retirement Gap
- Ask Ohio DC (general overview with the majority of time dedicated to Q&A)
- Retired Minds Want to Know

In addition to these centrally coordinated and advertised webinars, individual Field Account Executives are also offering smaller webinars using *Microsoft Teams* for specific employers in their territory each week.

For those who cannot attend a live webinar, pre-recorded webinars are available on the website. We also know that some employers promote our webinars as "lunch and learn" events and often have multiple participants watching on a big screen. Webinars have become a very efficient way to communicate with participants across the state, many of whom may not otherwise have opportunities to meet with our representatives due to their remote locations. For a listing of all the webinars currently scheduled for 2024, please see the 2024 Marketing Checklist following this document.

Electronic Communication – Virtual Adventure Center *(Strategic Goals 1 & 2)*
In 2024, Nationwide will enhance and redeploy a new theme such as the Virtual Booth, Virtual Courtyard, and Virtual Adventure Center which are all virtual destinations for employers who did not have interaction with Ohio DC at a benefits fair or annual enrollment meeting. Employees can watch videos, enroll, read literature, or sign up for a webinar. We hope to further improve on the great success of more than 6,700 unique visitors and the 40,000 interactions in the Virtual Adventure Center last year.

Employer Engagement & Recognition *(Strategic Goal 1)*
At the November 2023 Board meeting, the Board voted to recognize seven employers for their outstanding attitude toward retirement savings and the results they helped produce in terms of new enrollments, number of active participants, and percentage of active participants enrolled in the SMarT Plan. We will continue to bring recommendations to the Board for employer recognition in our attempt to increase employer engagement. Employers honored with a Board resolution will receive a framed resolution and recognition in the participant and employer newsletters in 2024.

Written Communication - Marketing Materials *(Strategic Goal 1 & 3)*
Nationwide maintains over 100 different printed marketing and communications pieces. The entire catalog of printed material and forms maintained by the Board staff is closely examined every six months so that all requested changes from Nationwide and the Board staff are made during the revision and redesign process. Most printed pieces have a 15-18-month lifecycle except for those materials that contain outdated performance, contribution limits, or become obsolete due to legislative changes. Samples of any of the marketing materials can be provided to the Board upon request.

Although printed materials are decreasing in popularity, we still maintain a library of materials to grab participants' attention and encourage them to attend a workshop or schedule a one-on-one meeting with our Field Account Executives. Our system called **"Marketing Works,"** provides the opportunity to personalize material with the name and photograph of the local representative, and is an organized presentation of professional-looking, compliance-approved announcements. In addition, these can be emailed to employers in a PDF format so they can distribute the same material electronically.

III. Primary Marketing Initiatives

<u>“Motivated to Invest” ongoing theme for 2024 *(Strategic Goal 1 & 2)*</u>
The theme of marketing messages for 2024 will be a play on the new re-branding tagline “Invest in you.” The concept, “Motivated to Invest,” encourages a sense of personal empowerment and aims to appeal to a participant's aspirations for a secure, and potentially prosperous, future. It reinforces the idea that financial security and retirement readiness are within their control when they actively participate in the Ohio DC plan. By investing in themselves and their retirement, they have the potential to meet their goals.

Photography will include lifestyle images that focus on confident individuals performing daily activities.

Sample headlines may be:

- Invest in your financial freedom. Invest in you.
- Invest in your future stability. Invest in you.
- Invest in your financial wellness. Invest in you.
- Invest in your future. Invest in you.

This campaign will be supported by marketing efforts in the following areas:

- Web banners
- Newsletter articles
- Targeted emails to participants
- Videos and presentations online
- Online webinars
- Online scheduling
- Auto features (SMarT)
- Virtual and in-person consultations from Field Account Executives and Retirement Planning Specialists

Resource usage can be measured by examining the number of visits to various online tools, time spent per website page, attendance at webinars, average telephone talk time, number of meetings with participants, and the number of meetings with Retirement Planning Specialists.

The 2023-2024 brand refresh is well underway. While you may have seen changes to the website and certain materials beginning in Q3 2023; the changeover of hundreds of forms, marketing materials, web pages, and physical materials (pens, notebooks, signage, etc.) will be occurring over the next few months. As a reminder. Nationwide’s marketing team continues to refresh Ohio DC’s brand with a focus on the following parameters:

- Bring a modern and simplified approach to the brand while maintaining its iconic and distinctive pieces
- Show that Ohio DC is evolving even though so much time has passed since its last brand refresh
- Convey that Ohio DC is staying up to date in today's financial world as well as in the way participants consume information (quickly and to the point)

<u>What do we want the audience to know?</u>
We want participants to know that Ohio DC is in touch with today's evolving financial world by modernizing its look and feel. As we approach the brand refresh, we still want participants to recognize their Plan. It should be subtle, yet noticeable enhancements that show that Ohio DC is up to date.

<u>What do we want the audience to feel?</u>
We want participants to feel that Ohio DC is a brand they can trust with their life savings. We also want participants to see Ohio DC as an established, recognizable brand.

<u>Why should the audience care?</u>
We want participants to see that Ohio DC takes its brand history and stability seriously as it looks to the future and modernizes itself. Ohio DC is the same plan they can trust as the market continues to change – but with an updated look.

<u>Brand attributes</u>
Character attributes express the brand's core values. When target audiences think about Ohio DC, we want the following attributes to come to mind:

- **Helpful**
  I know that Ohio DC will help me make smart financial decisions every step of the way on my path to retirement readiness.

- **Authentic**
  I can tell that Ohio DC respects hard-working public-sector employees like me. They communicate in a relatable way and don't talk down to me.

- **Empowering**
  Ohio DC has helped me see my own potential and motivated me to set goals. I'm excited to stick with the plan and watch my savings grow over time.

- **Assuring**
  I trust Ohio DC to protect my savings and make decisions based on what's best for me. It feels good knowing I have a partner I can count on.

- **Clear**
  I appreciate that Ohio DC simplifies the complex world of retirement planning, making it easier for me to understand.

- **Adaptive**
  I'm confident that Ohio DC is keeping pace with the times. I see them innovate and modernize to make sure I have up-to-date information and the latest tools.

- **Representative**
  My colleagues are Ohioans of all walks of life and at every career stage. I like that Ohio DC takes care to reflect the rich diversity of our state in the materials I see.

The new brand will be incorporated into all future marketing campaigns and materials.

Retention

The Board spent considerable time discussing asset retention at the most recent Strategic Planning Meeting. We plan to repeat our retention message in 2024 while proactively engaging participants during conversations. In 2024, we will continue our retention efforts and offer compelling reasons to stay with Ohio DC. Retention tactics will include:

- Conversations about retention with every participant conversation regarding a withdrawal over $20,000.
- More offerings of in-depth webinars such as Tax Efficient Retirement Income, Social Security, Medicare, Women and Investing, etc.
- Greater promotion of retirement planning expertise
- Retention conversations with every field interaction

Account Engagement

There are many ways to generate engagement. In 2024, we will continue a focus on administrative details such as encouraging more participants to update their beneficiaries and complete their online account profile settings for security reasons. There are common misconceptions that by not setting up an online account, you can keep your information secure. The opposite is true. Hackers like to try to gain access to online accounts that have not been set up so they can control contact points such as email addresses and telephone numbers. This means some people who are trying to be extra careful are actually leaving themselves open to becoming a victim of identity fraud. For 2024, we will conduct the following activities to increase account engagement:

- Send emails to participants with an email address on file to update beneficiaries on their account
- Include information about current beneficiaries in annual statements
- Send emails to participants with an email address on file to create an online profile
- Include information about online profile security in the participant newsletter
- Remind participants about the security of eDelivery
- Announce new contribution limits in Q4

Financial Wellness Adoption

Overall financial wellness through the Enrich platform will once again be part of the message for 2024. We will offer a new employer webinar to promote Enrich while continuing to incorporate Enrich into participant emails and Field Account Executive demonstrations. Messages regarding financial wellness will continue to be incorporated into the primary marketing campaign for 2024.

Strengthening Peer Relationships with OPERS, SERS, and STRS *(Strategic Goal 2)*
Recent discussions with OPERS, SERS, and STRS have been encouraging. An expansion of our partnership with these organizations may occur in 2024. OPERS has already invited Ohio DC to additional webinars and seminars. Similar discussions are occurring with members of the STRS and SERS education outreach team. Ohio DC has remained one of the few 457(b) providers in the education environment, which now has fewer competitors.

Collaboration with 403bwise.org *(Strategic Goal 2)*
In a recent team meeting, we invited the founder of 403bwise.org to speak to our group. During that meeting, we discovered several ways we can partner with their organization to help educate school employees about the fee structure of 403(b) plans compared to an institutional 457(b) plan like Ohio DC. They are slowly building out a competitive comparison database, but currently have limited data on Ohio school systems. We can assist them by providing information for them to research and post on their site. They also suggested the possibility of including Ohio DC in their podcasts as an example of a preferred vendor for retirement savings.

Challenging Competitive Landscape *(Strategic Goal 1, 2, & 3)*
Ohio DC has recently seen an outbreak of competition from two smaller providers: Buckeye Deferred Compensation and AXA Equitable. While these firms have traditionally targeted small employers, they are now seemingly targeting up-market. They have been appealing to employers' and participants' desire to offer advice, loans, and expanded investment options. Meetings will be set with employers where significant assets are being transferred to these providers to help employees and employers understand the differences between various product and service offerings.

While competition is increasing with some firms, traditional competitors in the large employer market have been less active in recent years. It seems that there has been less activity recently with MissionSquare Retirement and the County Commissioners Association of Ohio plans.

Opt-in/Opt-out process *(Strategic Goal 1 & 2)*
Field Account Executives will continue to meet virtually, or in-person, with non-State employer contacts throughout the year encouraging them to adopt the Opt-in/Opt-out election form. More than 200 different employers have used this form at least once, although, as of 2022, it is only required for State agencies who don't participate in the auto-enrollment process.

<u>National Retirement Security Month (NRSM) *(Strategic Goal 1, 2, & 3)*</u>
As described previously, offering webinars has proven to be a successful and efficient method to educate participants. Nationwide will continue to promote and offer on-site education and webinars during NRSM. Details of this campaign will include:

- Email announcements to participants regarding webinars with instructions on how to register for the events.
- Follow-up emails after the webinars with any additional information requested.
- Information on how to view a webinar recording.
- Promotion of online educational videos and planning tools.
- News articles will be provided to unions and associations who are willing to include our message in their communications to members.
- Distribution of Virtual Adventure Center or the new concept for 2024 similar to the Adventure Center.

IV. Service Model

Staffing Model *(Strategic Goal 1 & 5)*
The Nationwide staff assigned to Ohio DC has always been 100% dedicated to Ohio DC. Each employee is fully integrated into the service model and uses the Ohio DC brand in all interactions with employees, employers, and participants. This integration is the key to seamless service for the participants and employers. Our service model incorporates a mix of automated services via the website, as well as personal service from Account Executives over the phone, in person, or in a virtual environment.

Despite market fluctuations, we continue to see significant growth in new participant enrollments and SMarT increases. We are continuing to evaluate Field Account Executive territory assignments to make sure they are as efficient as possible. Event activity is returning to normal following the pandemic.

Hiring, training, and staffing will continue to be a huge focus of effort for Service Center management. Labor shortages seemed to have improved slightly over the past few months, although we are finding challenges in hiring people who want to work in a call center. Conducting training in the office versus remotely has helped improve attrition rates. This process of hiring, training, and licensing a representative can take six months before each associate is fully contributory. Our goal for 2024 will be to continue to use increased flexibility in our staffing model to staff up for the busy season and reduce hiring during the summer months, which saves the Board and participants money by reducing the staffing budget.

Last year, we utilized Field Account Executives assisting with Service Center phone calls during peak periods in Q1 and Q2. We do not anticipate such a need in 2024, however, Field Account Executives have been provided with call center equipment that allows their calls to be recorded, allowing them to perform transactions and assist participants in new ways.

Fraud Prevention/Intervention *(Strategic Goal 5)*
Nationwide purchased Pindrop® software to assist with fraud identification. Pindrop® was implemented for Ohio DC in October of 2018. The software provides a risk score and call intelligence to our operations department in the first few seconds of each call. The risk score, along with the analysis of the caller's voice, device, and behavior, is provided to Nationwide's fraud analysis team for further investigation. If the call's risk score exceeds a certain threshold, the fraud analysis team contacts a manager at the Ohio DC Service Center to review the call, compare it to previous call recordings, and analyze the request of the caller to determine the next steps.

We will continue to use this as a backup measure for our security protocols and account verification during all calls. Although no security methods are completely fool-proof, this is one more way that Nationwide is adding value to Ohio DC by helping to secure participant information and dollars in their accounts.

Quality Management *(Strategic Goal 1)*
As mentioned in the 2023 Year in Review, Nationwide was excited to begin using a new call management solution. Rather than old methods of manually listening to and scoring a limited sampling of calls, the quality management solution will evaluate 100 percent of the calls in the Service Center. After transcribing the speech into text, artificial intelligence and machine learning can be used to auto-score every call. As the software evaluates the words spoken by both the Account Executive and the participant, it can also interpret tone, empathy, responsiveness, positivity, confidence, and more. A new interface of this software will be used in 2024 which we hope will further enhance our ability to evaluate participant themes and an individual training focus for each representative.

Enhanced Training for Existing Staff *(Strategic Goal 1, 3, & 5)*
Service Center turnover and promotional opportunities reinforce the need for a strong cross-training program and frequent succession planning by Nationwide management staff. We will continue to enhance training and development in 2024 with the following:

- Shadowing–Succession planning and development begins with a willingness to allow shadowing within the organization. This gives team members an opportunity to sit with more experienced staff in roles of increasing responsibility to learn about their jobs. It also allows Nationwide staff from other business units to learn about Ohio DC and can serve to attract new talent.
- Holiday training days–There are very limited opportunities throughout the year to conduct Service Center training for all staff members. Closure of the Service Center for stock exchange holidays provides a great opportunity for staff training. Utilizing these holiday closures minimizes the interruption and inconvenience to participants.
- Field Account Executive training–Nationwide will bring all Field Account Executives together for in-person or virtual training and staff meetings twice per year.
- Workday Learning–Nationwide offers hundreds of developmental courses online. Leadership supports scheduling time to allow associates to develop new skills and stay current with regulatory requirements.
- eDevelopment–Nationwide will assist associates with a formal development plan for personal and career growth. Leadership is required to oversee this process.
- Succession planning–Nationwide leadership will have weekly succession planning meetings to ensure we have backup plans in place for staff turnover.

New Employee Training *(Strategic Goal 1, 3, & 5)*
During the first few weeks of employment, new contractors will learn the business flow of the office, including processing paperwork. Each new contractor (future Account Executive) will be studying for their FINRA Securities Industry Essentials exam. They will then begin training on several specific call types related to telephone prompts one and two, which are for withdrawals and website help. They are provided with recorded video training sessions to view. After completion of the video library, Account Executives are paired up with a Service Center Team Lead to recap all subject matter and test their retention of the material. After completion of subject matter training, hands-on Service Center training continues with the Account Executive listening to live calls and completing follow-up paperwork with a Sr. Account Executive or Service Center Team Lead. This process helps them learn how a call should flow and provide the opportunity to learn first-hard how to lead a participant through each process and answer their questions. After they have an understanding of the call flow, they will begin taking calls under the supervision of a Sr. Account Executive or Team Lead. Not until they have a proven working knowledge of Ohio DC will they be permitted to take calls on their own.

After the Account Executive has successfully taken these call types for a period of time and has a proven track record of attendance, great customer service, and passing the Securities Industries Essentials Exam, they will be provided the opportunity to apply for a full-time position with Nationwide. Upon converting to a full-time associate, the Account Executive will begin to study for their FINRA Series 6 licensing exam. During the time they are studying, training begins on specific call types related to telephone prompts four and five, which are for rollovers and enrollments. Similar to the previous hands-on training, Account Executives will review the library of training videos and recap with a Team Lead. After new Account Executives have completed their licensing requirement, training begins on call types related to telephone prompt three which is for changes to investments or contributions.

Ongoing Training and Performance Management *(Strategic Goal 1, 3, & 5)*
Ongoing training exists in the form of classroom technical training, personal skills training, mentoring, and on-the-job learning from peers. Nationwide values personal development and offers a variety of resources to help improve job performance and career advancement. Managers and Team Leads review and score random recorded calls taken by our Account Executives for quality and training purposes. In-depth feedback is provided to each Account Executive on the call-review and opportunities for improvement are highlighted.

Field Account Executives are not generally part of the office environment. Due to the nature of their jobs, they would normally be traveling to different worksites each day, providing fewer opportunities to attend formal training classes. However, they are evaluated and reviewed by management several times per year in a variety of settings. Management also carefully reviews verbatim survey comments for any opportunities to improve performance. For 2024, Field Account Executives may continue to assist the Service Center by answering incoming calls to help assist with higher call volume during peak season.

Weekly team huddles and monthly conference calls with Field Account Executives ensure representatives are kept current on any changes. Guest speakers from Ohio DC's investment managers and an economist often attend these meetings to discuss fund updates or provide an economic overview. An annual meeting of all Field Account Executives across the country typically occurs in January. This conference allows us to share and learn from our peers in other areas of the country, especially large multi-employer plans. Field Account Executives also conduct peer-to-peer shadowing on occasion to share ideas and learn from each other's experiences.

Formal performance reviews are conducted twice per year and determine employee compensation and career development, while individual coaching and feedback occur much more frequently. The Service Center routinely holds small group meetings with staff members about once a month. Each report provided by Nationwide to the Board describes training topics discussed with staff every two months.

Training Manual *(Strategic Goal 1, 2, 3, & 5)*
All training manuals and procedure manuals are hosted on an internal website so everyone in the office is accessing the same, current documents for use with participant calls. These procedure documents are also available to Field Account Executives. All team members also have access to pre-recorded video training sessions by our experienced Team Leads to expedite the training and onboarding process, while minimizing the time needed from leadership to conduct training sessions. Training and procedures documents will be updated each time we are informed of a new administrative procedure by the Board staff.

Quantitative and Qualitative Service Goals *(Strategic Goal 1, 2, 3, & 5)*
Nationwide and Board staff believe participant satisfaction is very important. We record all calls so that we can use them for training purposes and to help address areas where we could have worked harder to improve the participant experience. The Board evaluates Nationwide's performance based on survey results. Survey scores have been very high over the last decade. However, the third-party firm recently changed the questions to be more in line with the new industry standard. After one year of history with the new questions, the benchmark will be re-established.

Collaboration with Other Large Defined Contribution Plans *(Strategic Goal 1, 2 & 5)*
Nationwide remains the largest deferred compensation provider ranked by the number of plans. This puts us in a unique position to serve some of the largest and most complex plans in the country. Several years ago, Nationwide created a single "Large Plan" team that includes staff servicing Ohio Deferred Compensation, the Maryland Teachers & State Employees Retirement Plans, New York State Deferred Compensation Plan, the Kentucky Deferred Compensation Plan, and the California Savings Plus Plan. Through frequent meetings and conference calls with other leaders from large plans, we continue to share best practices to benefit all plans including web content, marketing materials, outreach meetings to participants, etc. These plans are all leaders in the public sector defined contribution industry.

Disaster Recovery *(Strategic Goal 2 & 5)*
Each year Nationwide evaluates its Disaster Recovery Plan to ensure our operations can continue during a catastrophic disruption of the business. As part of Nationwide's contract, we are responsible for providing information on our full-scale Disaster Recovery Plan for the Service Center and auxiliary Nationwide services. This plan is reviewed by our Business Continuity team.

A more likely scenario than a full-scale disaster is a temporary loss of power or communication. We previously used our building at 10 W. Nationwide Blvd. in Columbus as a staging area for short-term disruptions. However, we now have the full capability of all associates to work from anywhere with an internet connection. Using our phone system, an Account Executive can login and begin taking calls from anywhere in the country through a Virtual Private Network.

Strict Adherence to Financial Industry Regulatory Authority (FINRA) Requirements *(Strategic Goal 4 & 5)*
Nationwide actively monitors both federal and state legislation as it applies to our businesses, business partners, customers, and employees. For the purposes of Ohio DC, Nationwide provides and monitors the activities, marketing materials, and communications used by its Registered Representatives. Nationwide Investment Services Corporation (NISC) Compliance manages the compliance program. NISC Compliance is responsible for providing the oversight of NISC's business lines.

V. Special Enhancements

SECURE 2.0 Act *(Strategic Goal 4)*
Since the passage of the SECURE 2.0 Act, staff has been meeting weekly to discuss the required and optional provisions that Ohio DC intends to offer. Through these meetings, we have uncovered many clarifications needed from the Internal Revenue Service. These are the same questions faced by other recordkeepers, large institutional plans, and NAGDCA. Staff has already rolled out a number of plan changes as a result of the SECURE 2.0 Act. Compliance with the required and optional provisions have been added to the IT development list.

Auto-enrollment *(Strategic Goals 2 & 5)*
The auto-enrollment project was completed over the summer of 2022 allowing participating state agencies to auto-enroll all new employees. Since there is a waiting period before the first contribution is withheld from pay, the very first participants from the auto-enrollment period began hitting the books in November of 2022. Nationwide will be working with the Board staff to track auto-enrollments and compare them to the three previous years' enrollment numbers for state employees to determine the number of additional employees captured by the new auto-enrollment process. Since some of these employees may have enrolled on their own, we would like to track the benefit of auto-enrollment as accurately as possible.

VI. Service Plan Conclusion

The Annual Service Plan takes into account a significant portion of the activities that will take place during 2024. However, the plan will remain flexible for any crisis or as a result of legislative or regulatory changes. The marketing theme for the year, “Motivated to invest,” will help empower and encourage participants to remember why they joined Ohio DC and how to invest in their futures. Strategies for marketing will incorporate a variety of messages through print, electronic media, virtual meetings, and face-to-face meetings.

Changes made throughout the year to the approved campaign are always discussed with the Board staff in progress meetings held at least once a month. Measurement for these activities is also reported monthly to Board staff.

2024 Marketing Checklist

	Target Date	Completed Date
Employer Emails		
Employer Newsletter Notification (Communication Mgr.) Even months	February	
Employer webinar #1 (Communication Mgr.)	April	
Employer webinar #2 (Communication Mgr.)	October	
Participant Emails		
Approaching Retirement - Preparing to Retire & Beyond the Basics	January 3	
Quarterly Newsletter	January 12	
Asset Allocation & Managing Risk	January 17	
Closing the Retirement Gap	January 24	
Promotional email Q1	January 30	
NRI Webinar - Women in Retirement	January 31	
Ask Ohio DC	February 7	
Retired Minds Want to Know	February 14	
NRI Webinar - Social Security	February 21	
eDelivery reminder email	February 28	
Ask Ohio DC	March 6	
Closing the Retirement Gap	March 13	
NRI Webinar - Tax Efficient Retirement Income	March 20	
Early Saver Newsletter 1	March 21	
Retiree Newsletter 1	March 26	
Enrich promotion Q1	March 28	
Asset Allocation & Managing Risk	April 3	
Approaching Retirement - Preparing to Retire & Beyond the Basics	April 10	
Quarterly Newsletter	April 12	
NRI Webinar - Introduction to Medicare	April 17	
Promotional email Q2	April 30	
Beneficiary clean-up email	May 8	
Beneficiary clean-up email	May 15	
NRI Webinar - Women in Retirement	May 22	
Asset Allocation & Managing Risk	June 5	
Cybersecurity awareness reminder to establish online profile	June 12	
NRI Webinar - Social Security	June 19	
Enrich promotion Q2	June 26	
Closing the Retirement Gap	July 3	
Ask Ohio DC	July 10	
Quarterly Newsletter	July 12	
NRI Webinar - Tax Efficient Retirement Income	July 17	
Retired Minds Want to Know	July 24	
Promotional email Q3	July 30	
Ask Ohio DC	August 7	
Beneficiary clean-up email	August 8	
Closing the Retirement Gap	August 14	
Beneficiary clean-up email	August 15	
NRI Webinar - Introduction to Medicare	August 21	
Asset Allocation & Managing Risk	August 28	
Approaching Retirement - Preparing to Retire & Beyond the Basics	September 4	
NRI Webinar - Women in Retirement	September 18	
Early Saver Newsletter 2	September 19	
Enrich promotion Q3	September 24	
Retiree Newsletter 2	September 26	
RMD management email	October 3	
Quarterly Newsletter	October 11	

	Target Date	Completed Date
Asset Allocation & Managing Risk	October 16	
NRI Webinar - Social Security	October 23	
Promotional email Q4	October 29	
Closing the Retirement Gap	November 13	
NRI Webinar - Tax Efficient Retirement Income	November 20	
Ask Ohio DC	November 27	
New Contribution Limits	December 17	
Enrich promotion Q4	December 23	
Web Banners		
Campaign banner, RMD banner	January	
To be determined each month	February	
To be determined each month	March	
To be determined each month	April	
To be determined each month	May	
To be determined each month	June	
To be determined each month	July	
To be determined each month	August	
To be determined each month	September	
To be determined each month	October	
To be determined each month	November	
To be determined each month	December	
Physical Mailings		
C Status Participant Letter to be sent by Board Office	February	
Accel Letter to be sent by Board Office	May	
Small Balance Letter to be sent by Board Office	May	
RMD Direct Deposit Notification	September	
Default RMD Notification	November	
Newsletter articles - Front Page		
Brand Refresh - Invest in You	January	
Brand Refresh - Invest in You	April	
Brand Refresh - Invest in You	July	
Brand Refresh - Invest in You	October	
Webinars		
NRI Webinar - Introduction to Medicare	January 10	
Approaching Retirement - Preparing to Retire	January 24	
Approaching Retirement - Beyond the Basics	January 31	
Asset Allocation & Managing Risk	February 7	
Closing the Retirement Gap	February 14	
NRI Webinar - Women in Retirement	February 21	
Ask Ohio DC	February 28	
Retired Minds Want to Know	March 6	
NRI Webinar - Social Security	March 13	
Retired Minds Want to Know	March 20	
Ask Ohio DC	March 27	
Closing the Retirement Gap	April 3	
NRI Webinar - Tax Efficient Retirement Income	April 10	
Asset Allocation & Managing Risk	April 24	
Approaching Retirement - Preparing to Retire	May 1	
NRI Webinar - Introduction to Medicare	May 8	
Approaching Retirement - Beyond the Basics	May 15	
Approaching Retirement - Preparing to Retire	May 22	

	Target Date	Completed Date
Approaching Retirement - Preparing to Retire	May 29	
Approaching Retirement - Beyond the Basics	June 5	
NRI Webinar - Women in Retirement	June 12	
Asset Allocation & Managing Risk	June 26	
NRI Webinar - Social Security	July 10	
Closing the Retirement Gap	July 24	
Ask Ohio DC	July 31	
NRI Webinar - Tax Efficient Retirement Income	August 7	
Retired Minds Want to Know	August 14	
Retired Minds Want to Know	August 21	
Ask Ohio DC	August 28	
Closing the Retirement Gap	September 4	
NRI Webinar - Introduction to Medicare	September 11	
Asset Allocation & Managing Risk	September 18	
Approaching Retirement - Preparing to Retire	September 25	
Approaching Retirement - Beyond the Basics	October 2	
NRI Webinar - Women in Retirement	October 9	
Approaching Retirement - Preparing to Retire	October 23	
Approaching Retirement - Beyond the Basics	October 30	
Asset Allocation & Managing Risk	November 6	
NRI Webinar - Social Security	November 13	
Closing the Retirement Gap	December 4	
NRI Webinar - Tax Efficient Retirement Income	December 11	
Ask Ohio DC	December 18	
Staff Training & Development		
National Sales Meeting for field staff	January 16-19	
President's Day internal staff training meeting	February 19	
Associate development plans	March	
Good Friday internal staff training day	March 29	
Juneteenth training/holiday	June 19	
Firm element training	September	
Field staff training meeting	November	
Workday Learning development	Monthly	
Small group training	Monthly	
Field staff conference calls	Monthly	
Level 2 Processing Team huddle	Daily	
Service Center team huddle	Every other Tuesday	
Field representative team huddle	Every Tuesday	
Miscellaneous		
Annual fraud awareness/training	March 29	
Call center disaster recovery exercise	August	
Semi-annual marketing audit	June/December	
Training manual/videos updated online	Monthly	

Ohio Deferred Compensation

MEMORANDUM

To: Board of Trustees

From: Paul D. Miller, Interim Executive Director

Date: January 16, 2024

Subject: Board Travel – NAGDCA Annual Conference

Executive Summary

The 2024 National Association of Government Defined Contribution Administrators (NAGDCA) Annual Conference will be held September 15-18 in Phoenix, Arizona. NAGDCA represents the nation's public sector defined contribution plan administrators. Staff has found that the NAGDCA Annual Conference is the best forum for 457 plan information and education. For more information regarding NAGDCA visit NAGDCA.org. The conference agenda will be provided, when it becomes available.

Please note that the NAGDCA Annual Conference conflicts with our regularly scheduled September Board meeting (Ohio DC and OPERS). To allow staff to attend the NAGDCA Annual Conference, the Ohio DC September Board meeting will be replaced by a meeting on Tuesday, October 15.

Last year, the discounted conference registration fee was $700 and was due in August. In addition, there will be hotel, meals, and other travel-related costs. The registration and hotel block will open in April. Hotel reservations can only be made as part of the registration process.

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. When a conference is under consideration for Board member attendance, the Board typically passes a single motion approving travel and attendance for any Board member who requests to participate.

The 2024 budget includes sufficient travel expenses for several Board and staff members to attend this conference. Cindy Ward will assist Board members with registration and travel arrangements. Please contact Cindy if you plan to attend or have any questions about reimbursable expenses.

Recommendation

Staff recommends the Board approve travel and registration for any Board member interested in attending the 2024 NAGDCA Annual Conference.

Ohio Deferred Compensation

DISCUSSION ITEMS

MEMORANDUM

To: Board of Trustees

From: Paul D. Miller, Interim Executive Director

Date: January 16, 2024

Subject: Retirement Readiness – Phase II

Executive Summary

Stephen Budinsky and Sarah Boctor will attend the January Board meeting in person, while Matthias Bauer will attend virtually. Our team from RVK will be presenting the second of three topics regarding retirement readiness. The RVK materials are provided in their report titled *Retirement Readiness Review Phase II*. This topic is a discussion item on the agenda, and no Board action is expected.

Retirement Income Readiness

Strategic Plan Objective 3-27 is to research retirement income strategies. In order to evaluate the potential retirement income needs of Ohio DC participants, RVK proposed presenting this information in three phases as shown below:

1. Demographic Analysis
2. Retirement Income Projections
3. Evaluation and Recommendations

The first topic was presented at the August 2023 Board meeting with the goal of better understanding our current participant savings patterns and identifying the key attributes that would drive the retirement income analysis.

The January presentation will focus on retirement income projections for new participants and participants near retirement age. The results of the review indicate that new participants who are also enrolled in the SMarT (automatic annual increase) plan have a high likelihood of meeting their income replacement goals in retirement when their Ohio DC balances are combined with assumed pension and other retirement benefits. Existing participants have a high likelihood of covering their basic spending needs, which is a lower benchmark than meeting their income replacement goals, and they can improve their retirement outcomes by delaying retirement.

The final presentation on this topic is scheduled for the August 2024 Strategic Planning Board meeting. At that meeting, RVK will explore additional steps Ohio DC can take to support the retirement needs of Ohio's public employees.

RVK

January 2024

Retirement Readiness Review Phase II

Ohio Deferred Compensation Program (Ohio DC)

Agenda

1. **Introduction & Key Findings**

2. **Retirement Income Projections – New Members**

3. **Retirement Income Projections – Near Retirees**

4. **Appendix**
    a. Phase I Demographic Analysis
    b. Retirement Income Model & References

RVK

Retirement Readiness Review

RVK's Evaluation Process

- Starting in Q2 2023, Staff and RVK initiated a three-step **Retirement Readiness Review** to evaluate the retirement income needs of Ohio public employees and how Ohio DC can be leveraged to support the needs of future retirees.

	Step 1 Demographic Analysis	Step 2 Retirement Income Projections	Step 3 Evaluation & Recommendations
Goals	**Understand the participant base** to distill the most relevant attributes that should inform the retirement income review analysis.	**Evaluate expected retirement outcomes** for future retirees and assess the impact of participants' decisions and market risks on the outcomes.	**Evaluate the alignment of the plan's design with participants'** risk tolerance and retirement income needs.
Steps	• Saving patterns • Retirement income goal • Retirement income expectations for current retirees	• Use historical and forward-looking simulations to understand the range of outcomes. • Stress test the retirement outcomes: impact of saving rate, distribution strategy, and retirement age.	• Determine the plan's Objective: is it to act as a supplemental savings vehicle or an essential complementary source of income? • Evaluate the plan's retirement readiness across important areas of focus and how it compares to peers.
Outcome	Create a median plan participant profile, across age groups, that would guide the rest of the evaluation.	Understand the impact of the current plan design and participants' decisions on the expected retirement outcomes.	Create a long-term plan to support the needs of near-retirees and future retirees.

RVK

Introduction

- The goal of this analysis is to provide insight into expected retirement income security for future retirees in the Ohio Deferred Compensation Program ("Ohio DC"). The analysis leverages the information gleaned from the Phase I demographic analysis to explore balance accumulation and retirement adequacy of Ohio DC participants, exploring the following key questions:

- **New Plan Members**
  - **Base projections**: What are the expected retirement outcomes for typical employees joining Ohio state retirement systems and enrolling in Ohio DC today?
  - **Scenario analysis**: How does the enrollment scheme impact retirement income security?

- **Near-Retirees**
  - **Base projections:** What are the expected retirement outcomes for typical employees approaching retirement today?
  - **Scenario analysis**: How does retirement age impact retirement outcomes?

- It is important to note that this analysis is intended to help understand the "typical" participant experience and the impact of different decisions on potential retirement outcomes. An individual participant's life expectancy, age at retirement, years of service at an Ohio public entity, salary, prior work experience, savings history, and other outside assets, among other factors, will impact the participant's experience in retirement.

RVK

Phase II: Retirement Income Projections

Key Findings – Base Projections

- The stochastic analysis indicates that a typical new Ohio public employee, automatically enrolling into Ohio DC and staying invested in their age-appropriate target date funds, is expected to achieve successful retirement outcomes across most scenarios.
  - o Based on our projections, new employees are expected to meet much of their retirement income needs through a combination of Social Security, DC plan distributions, and pension benefits (where applicable). DC plan distributions act as an important complementary source of income for retirees.
- Consistent with the preliminary results from Phase I, the stochastic analysis indicates that the typical near-retiree is expected to experience some retirement income shortfall during the retirement phase, but will generally be able to cover all their essential spending needs.
  - o Our analysis shows an early depletion of DC savings, which results in an income shortfall in earlier retirement years, in the typical scenario. However, the inflation protection offered by Social Security and state pension benefits supports the spending needs of the average retiree in later years.

	New Members	Near-retirees
Success Rate *Likelihood of maintaining standard of living every year in retirement*	93%	12%
Median Income Replacement Rate	91%	80%
Standard of Living Benchmark	*75%*	*77%*
Guaranteed Income Replacement Rate	70%	75%
Cost of Living Benchmark	*56%*	*56%*

- Social Security Income is estimated based on assumed years work for other eligible employers.
- The Standard of Living Benchmark rate represents annual income replacement goal after retirement adjusted for inflation and household size.
- The Basic Cost of Living Benchmark is calculated as annual basic spending needs after retirement, relative to the final salary before retirement, adjusted for inflation and household life expectancy.

RVK

Phase II: Retirement Income Projections

Key Findings – Scenario Analysis

- For new members, the scenario analysis confirms that successful retirement outcomes are highly dependent on access to retirement benefits comparable to those offered to Ohio public employees today.

New Members	Success Rate	Median Income Replacement	Projected Standard of Living Benchmark	Average Contribution Rate	Median Additional Required Contribution (annual)
Auto-Enrollment	93%	91%	*75%*	12%	0%
EZ & SMarT	84%	86%		9%	0%
EZ Enrollment	13%	74%		2%	3%

- For near-retirees, the analysis highlights the impact of delaying retirement on achieving a significant improvement in retirement outcomes.

Near-Retirees	Success Rate	Median Income Replacement	Standard of Living Benchmark	Legacy ($)	Shortfall ($)
Retire at 61	12%	80%	*77%*	$0	$48,192
Retire at 65	97%	97%		$132,845	$0
Retire at 67	100%	107%		$169,206	$0

*For this analysis, Success Rate is defined as the likelihood of not depleting the DC account balance in retirement.

RVK

Phase II: Retirement Income Projections

Putting it All Together

- The analysis highlights the importance of participating in Ohio DC and the power of automatic features as an important lever that can meaningfully enhance the retirement outcomes of hundreds of thousands of Ohio public employees.

- While Ohio DC and RVK do not have a complete picture of all the savings and retirement income sources available to participants approaching retirement from any prior employment, retirement planning, managing retirement distributions, and investing their nest egg wisely can go a long way in ensuring a more comfortable retirement.

- In the third and final installment of the Retirement Readiness review, RVK will explore additional steps Ohio DC can take to support the retirement income needs of Ohio's public employees.

RVK

Retirement Income Projections

New Members

Base Projections

New Members

- The base projections explore the retirement outcomes of a new Ohio public employee who is auto-enrolled in Ohio DC. After retirement, the analysis assumes that participants will draw down their DC savings, as needed, to meet their annual retirement income needs.

Assumptions

25 Years of Service	**Auto-Enrollment Default** Annual Contributions
86% Income Replacement Goal	**67** Retirement Age

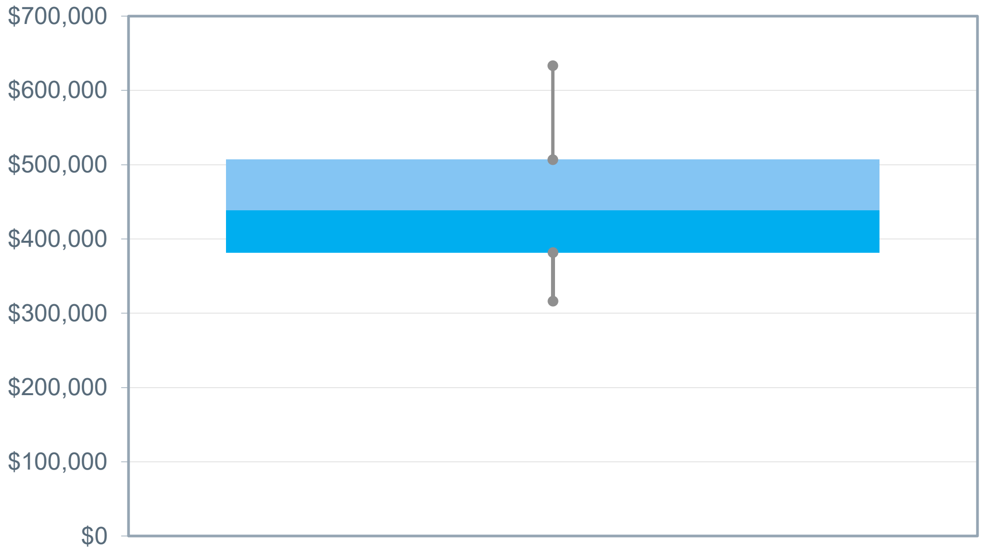
Note: The projections incorporate expected investment performance, inflation, and salary growth over time, and the Target allocations for the BlackRock LifePath Index Funds. The projections do not incorporate additional investment management or administrative fees. This exercise is focused solely on the impact of current savings, long-term investment performance, and available pension benefits on projected retirement outcomes.*

The analysis assumes a starting age of 47 and starting salary of $53,500. RVK assumptions based on data sourced from Ohio DC as of 12/31/2022 and OPERS Annual Financial Report 2022. For more information, please see the appendix.
* Annual allocation changes overtime reflect the strategic allocations of the BlackRock LifePath Index Funds glide path as of 12/31/2022.

Base Projections

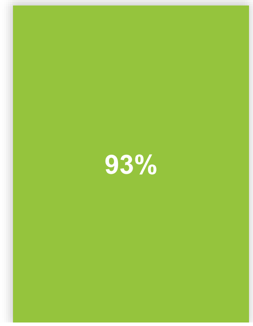
Balance Accumulation

Projected Balance Accumulation
At Retirement

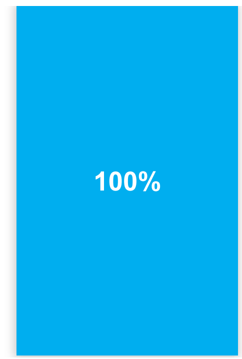


	Balance Accumulation
5th Percentile	$316,149
25th Percentile	$381,887
Median	**$438,769**
75th Percentile	$506,917
95th Percentile	$633,292

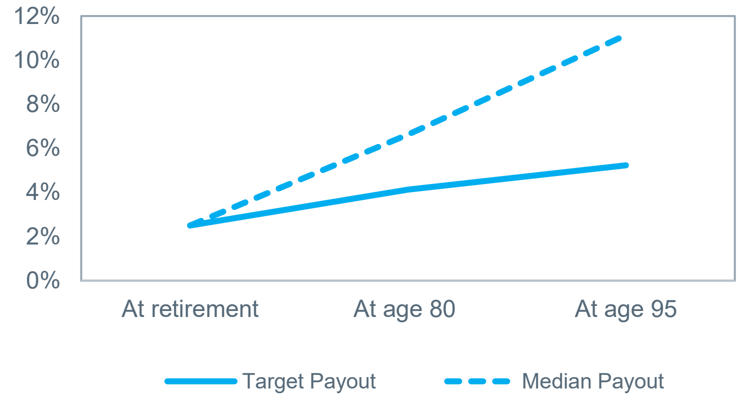
Likelihood of Meeting Income Replacement Goal



Likelihood of Covering Basic Spending Needs



Median Participant Payout
Retirement Phase

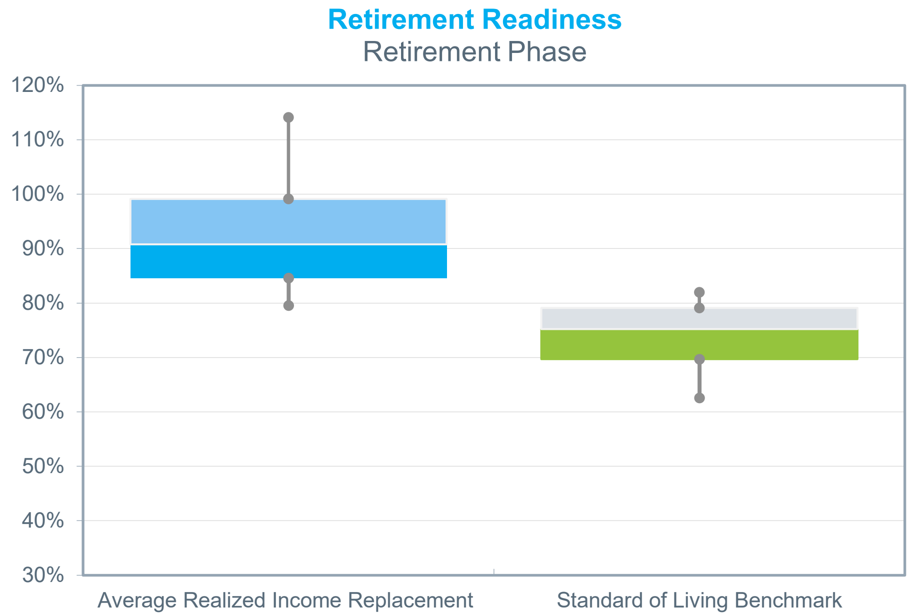


	Target Payout	Median Payout
At retirement	2.50%	2.50%
At age 80	4.12%	6.62%
At age 95	5.23%	11.14%

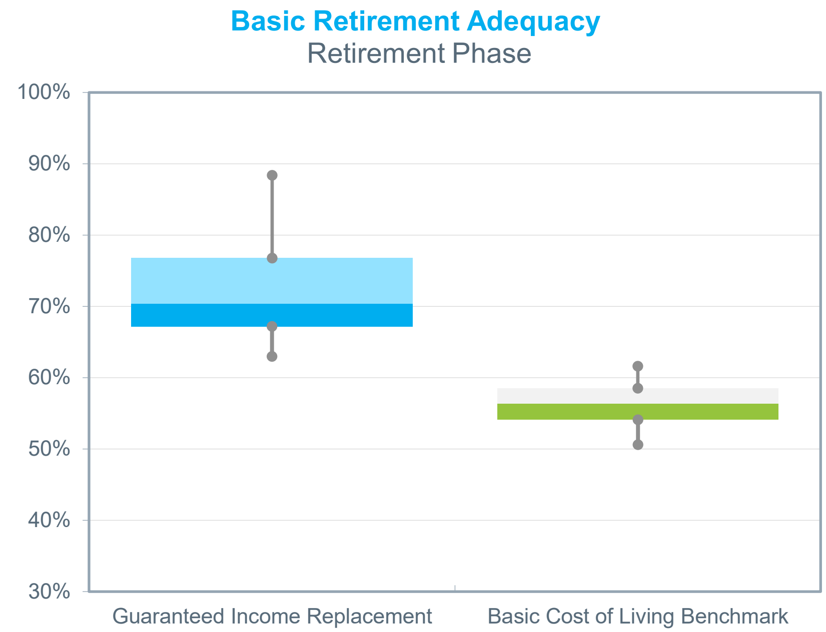
- Meaningful Ohio DC savings, accumulated under the Automatic Enrollment Program, are projected to act as a complementary source of income, contributing an average of 19% of income replacement to retirement spending, in the median scenario.

Base Projections

Retirement Income Adequacy



	Average Realized Income Replacement	Standard of Living Benchmark
5th Percentile	80%	63%
25th Percentile	85%	70%
Median	**91%**	**75%**
75th Percentile	99%	79%
95th Percentile	114%	82%



	Guaranteed Income Replacement	Basic Cost of Living Benchmark
5th Percentile	63%	51%
25th Percentile	67%	54%
Median	**70%**	**56%**
75th Percentile	77%	58%
95th Percentile	88%	62%

- It is recommended to have enough guaranteed income in retirement to cover basic spending needs (utilities, medicine, housing, and transportation).

- The Standard of Living Benchmark rate represents annual income replacement goal after retirement adjusted for inflation and household size.
- The Basic Cost of Living Benchmark is calculated as annual basic spending needs after retirement, relative to the final salary before retirement, adjusted for inflation and household life expectancy.

RVK

Retirement Scenario Analysis

New Members

- The scenario analysis attempts to isolate the impact of different contribution schemes offered by Ohio DC for public entities not covered by auto-enrollment on the retirement readiness of newly hired Ohio public employees joining Ohio DC today.

Scenario	Annual Contributions
Auto-Enrollment	$25 (biweekly*) and $30 (biweekly) annual escalation*
EZ & SMarT	$50 (biweekly*) starting at age 45* and $20 (biweekly) annual escalation.
EZ Enrollment	$50 (biweekly) starting at age 45

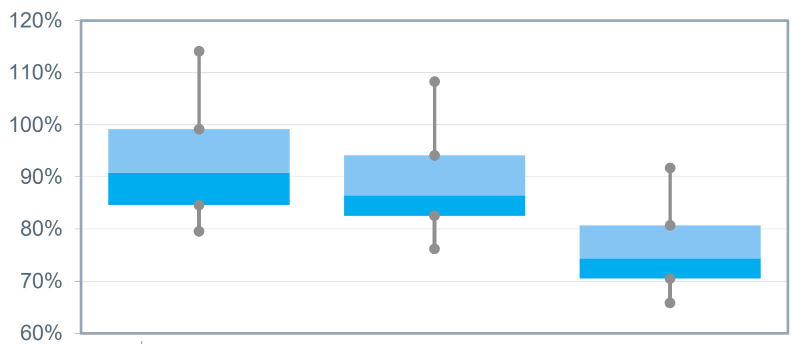
RVK

Retirement Scenario Analysis

New Members

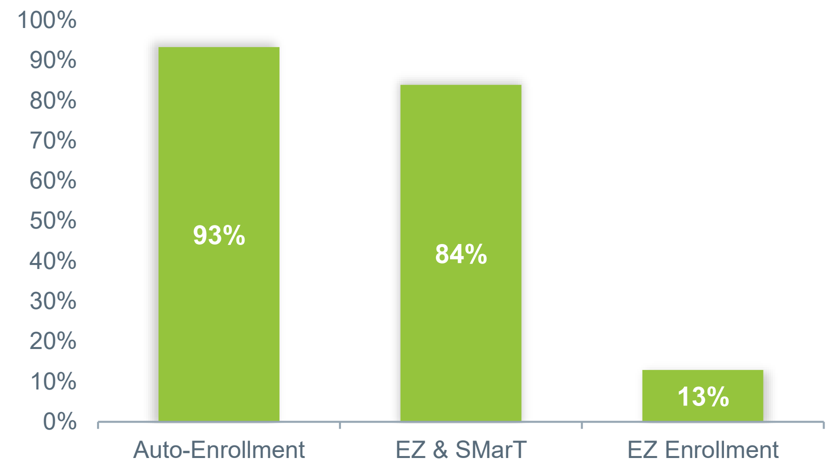
- While an acceptable probability of failure or shortfall for any individual will depend on his or her risk tolerance, there is generally a preference for a probability of shortfall that is less than 50%, (i.e., a likelihood of success that is superior to pure chance). Without increasing their contribution periodically, either proactively or through SMarT increases, a participant is much less likely to achieve sufficient savings to last through retirement.

Retirement Readiness
Retirement Phase



	Auto-Enrollment	EZ & SMarT	EZ Enrollment
25th Percentile	85%	83%	71%
Median	**91%**	**86%**	**74%**
75th Percentile	99%	94%	81%

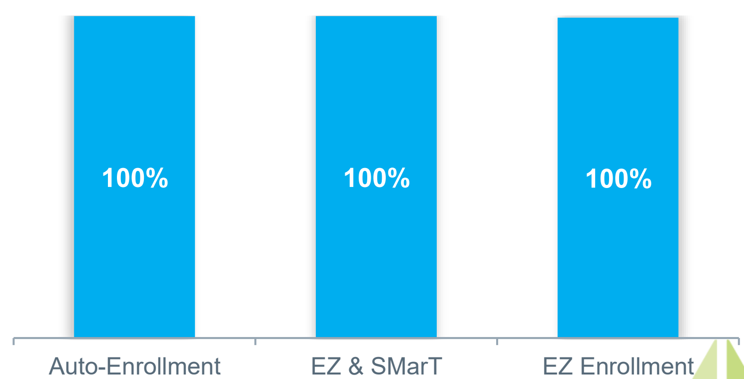
Likelihood of Meeting Income Replacement Goal



Additional Annual Contributions to Meet Income Replacement Goal

	Auto-Enrollment	EZ & SMarT	EZ Enrollment
25th Percentile	0%	0%	1%
Median	0%	0%	3%
75th Percentile	0%	0%	5%

Likelihood of Covering Basic Spending Needs



RVK

Retirement Income Projections

Near-Retirees

Base Projections

Near Retirees

- The base projections explore the retirement outcomes of an Ohio public employee who is nearing retirement. After retirement, the analysis assumes that participants will draw down their DC savings, as needed, to meet their annual retirement income needs.

Assumptions

25 Years of Service	**2022 Rates** Annual Contributions
86% Income Replacement Goal	**61** Retirement Age

Note: The projections incorporate expected investment performance, inflation, and salary growth over time, and the Target allocations for the BlackRock LifePath Index Funds. The projections do not incorporate additional investment management or administrative fees. This exercise is focused solely on the impact of current savings, long-term investment performance, and available pension benefits on projected retirement outcomes.*

The projections use a starting age of 57 and a starting balance of $24,138. RVK assumptions based on data sourced from Ohio DC as of 12/31/2022 and OPERS Annual Financial Report 2022. For more information, please see the appendix.

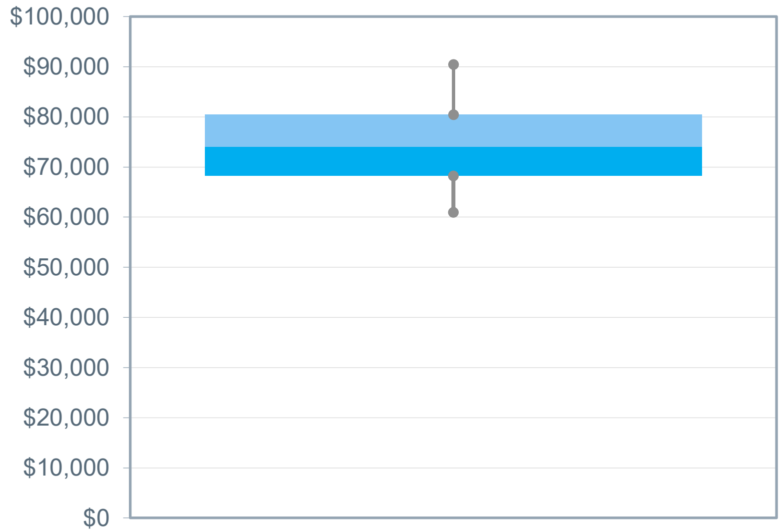
* Annual allocation changes overtime reflect the strategic allocations of the BlackRock LifePath Index glide path as of 12/31/2022.

RVK

Base Projections

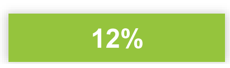
Balance Accumulation & Retirement Income Adequacy

Projected Balance Accumulation
At Retirement

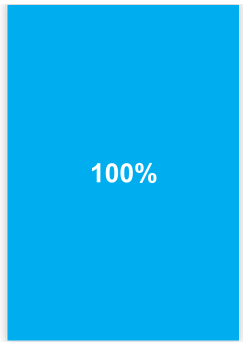


	Balance Accumulation
5th Percentile	$60,928
25th Percentile	$68,243
Median	**$74,020**
75th Percentile	$80,407
95th Percentile	$90,456

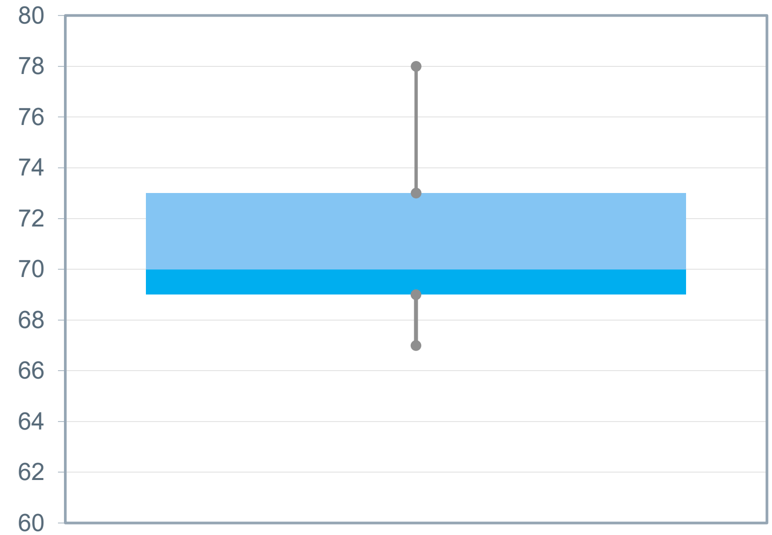
Likelihood of Meeting Income Replacement Goal



Likelihood of Covering Basic Spending Needs



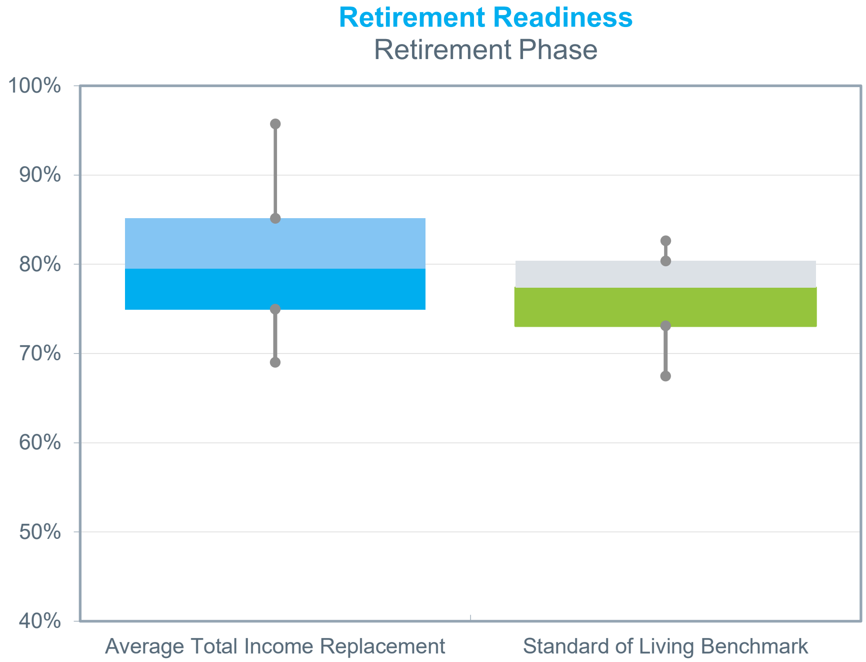
Projected Age at Depletion
Retirement Phase



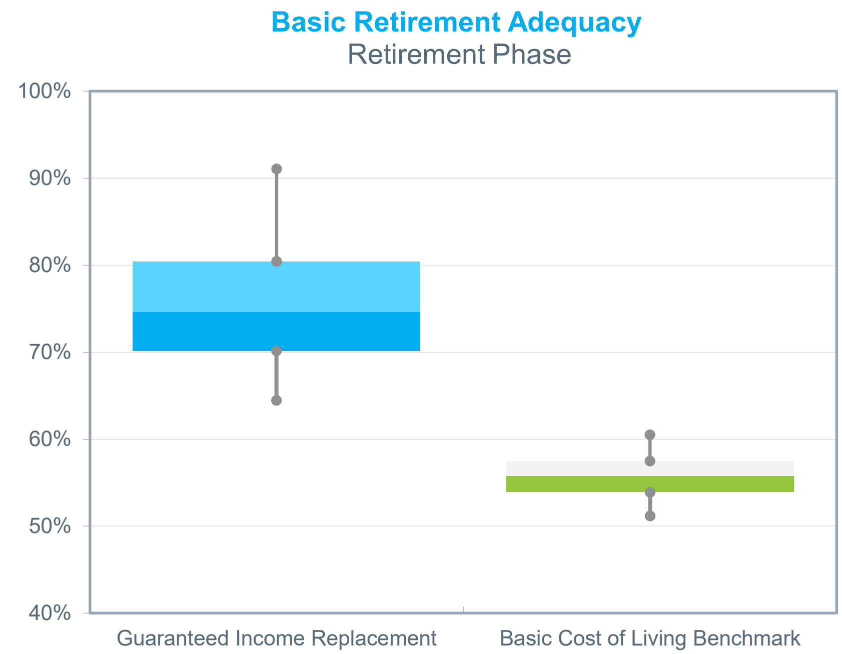
	Age at Depletion
25th Percentile	69
Median	70
75th Percentile	73

Base Projections

Retirement Income Adequacy



	Average Realized Income Replacement	Standard of Living Benchmark
5th Percentile	69%	67%
25th Percentile	75%	73%
Median	**80%**	**77%**
75th Percentile	85%	80%
95th Percentile	96%	83%



	Guaranteed Income Replacement	Basic Cost of Living Benchmark
5th Percentile	64%	51%
25th Percentile	70%	54%
Median	**75%**	**56%**
75th Percentile	80%	57%
95th Percentile	91%	61%

- The projected 'Standard of Living' and 'Cost of Living' Benchmarks are cohort-specific and take into account projected inflationary pressure in retirement.

- The Standard of Living Benchmark rate represents annual income replacement goal after retirement adjusted for inflation and household size.
- The Basic Cost of Living Benchmark is calculated as annual basic spending needs after retirement, relative to the final salary before retirement, adjusted for inflation and household life expectancy.

RVK

Retirement Scenario Analysis

Near Retirees

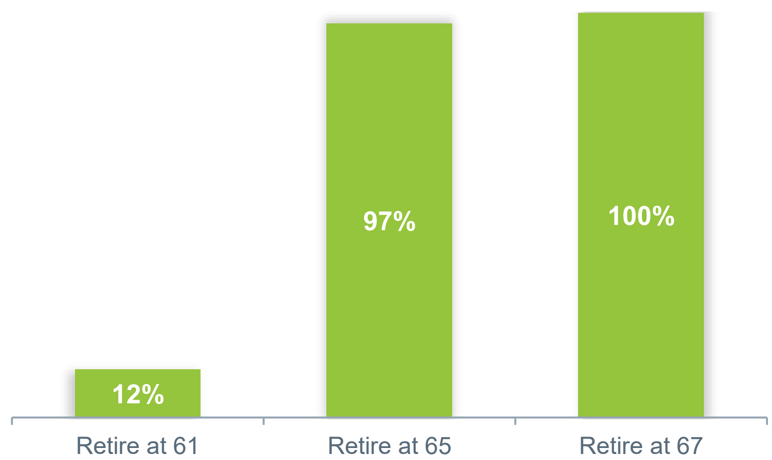
- The scenario analysis attempts to isolate the impact of retirement age on the retirement readiness of Ohio public employees nearing retirement. Delaying retirement from 61 to 65 has a significant impact on outcomes.

Total Retirement Readiness

Retirement Phase

	Retire at 61	Retire at 65	Retire at 67
25th Percentile	75%	91%	100%
Median	**80%**	**97%**	**107%**
75th Percentile	85%	106%	117%

Likelihood of Meeting Income Replacement Goal

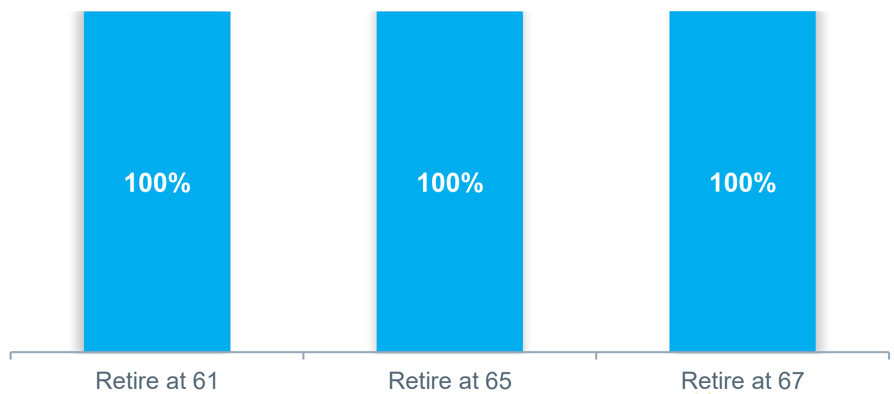


Legacy ($)

At the end of Retirement Phase

	Retire at 61	Retire at 65	Retire at 67
25th Percentile	$0	$82,537	$113,920
Median	**$0**	**$132,845**	**$169,206**
75th Percentile	$0	$187,296	$231,617

Likelihood of Covering Basic Spending Needs



Appendix

a. Phase I Demographic Analysis

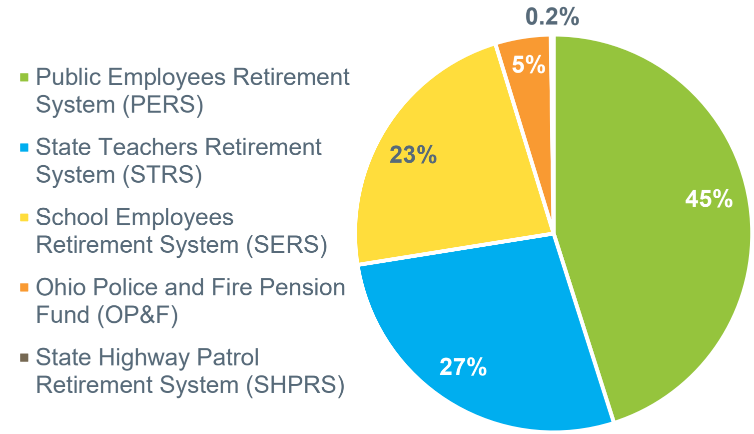
b. Retirement Income Model & References

Employment, Income, and Benefits

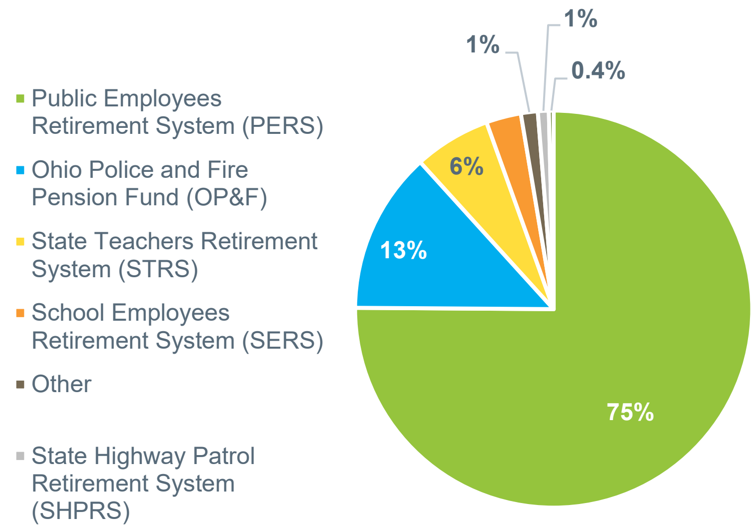
State of Ohio Retirement Benefits

- State and certain local government employees in Ohio have access to defined benefit pension benefits, in addition to Ohio DC. Participants may have additional sources of savings outside of Ohio's public employee benefits.
- There are five statewide retirement systems providing coverage for state and local government employees. State employees, not subject to membership in certain other state sponsored retirement systems, are members of the Ohio Public Employees Retirement System ("OPERS"). State employees do not earn credit towards Social Security benefits.
- All public employees who are eligible to participate in one of Ohio's statutory retirement systems can contribute to Ohio DC.
- OPERS retirement benefits are consistent with, or in some respects more conservative than, other Ohio retirement systems, particularly for newer members (hired after January 7, 2013).
  - Most other systems offer more generous benefit formulas, which translate into more pension benefits per year of service or have lower age or service eligibility requirements.
  - None of the other systems have more stringent eligibility requirements or use less generous formulas.
- Additionally, a significant percentage of active employees belong to OPERS. As a result, RVK's analysis utilizes OPERS as the basis for estimating pension benefits used as inputs for the retirement readiness review.

Ohio Statewide Retirement Systems
Active Contributing Members (2021)



Ohio DC Participants
Pension Membership (August 2023)



Data on State of Ohio Retirement Systems membership sourced from Ohio Retirement Study Council for FY 2021 (2023). Data on Ohio DC participant pension membership was provided by Ohio DC and is self-provided by individual participants.

Demographic Analysis
Executive Summary

OPERS Employees	As of 12/31/2022
Population	State: **107,007** Local: **182,919** Law Enforcement and Public Safety: **7,901**
Median Salary at Separation	**$62,016**
Age at Retirement	**61 years**
Income Replacement Goal	**86%**
Essential Spending Goal	**57%**
Expected Guaranteed Income* Replacement Rate - Current Retirees	**69%**

DC Programs	As of 12/31/2022
Median Monthly Deferrals ($)	State: **$25 - $142** Non-State: **$21 - $163**
Median Balances	State: Peaks at **$66K** (70-75 age group) Non-State: Peaks at **$51K** (70-75 age group)
Expected DC Income Replacement Rate - Current Retirees	**2%**
Expected Income Gap* - Current Retirees	**15%**

Data sourced from the 2022 Ohio Public Employees Retirement System (OPERS) Comprehensive Annual Financial Report (2023) and the Ohio DC Program.

* The expected income gap is estimated based on available information on income sources for current pre-retirees, in the 60-65 age group. Participants may have access to additional income through non-DC savings or former employers' pension plans.

RVK

Appendix

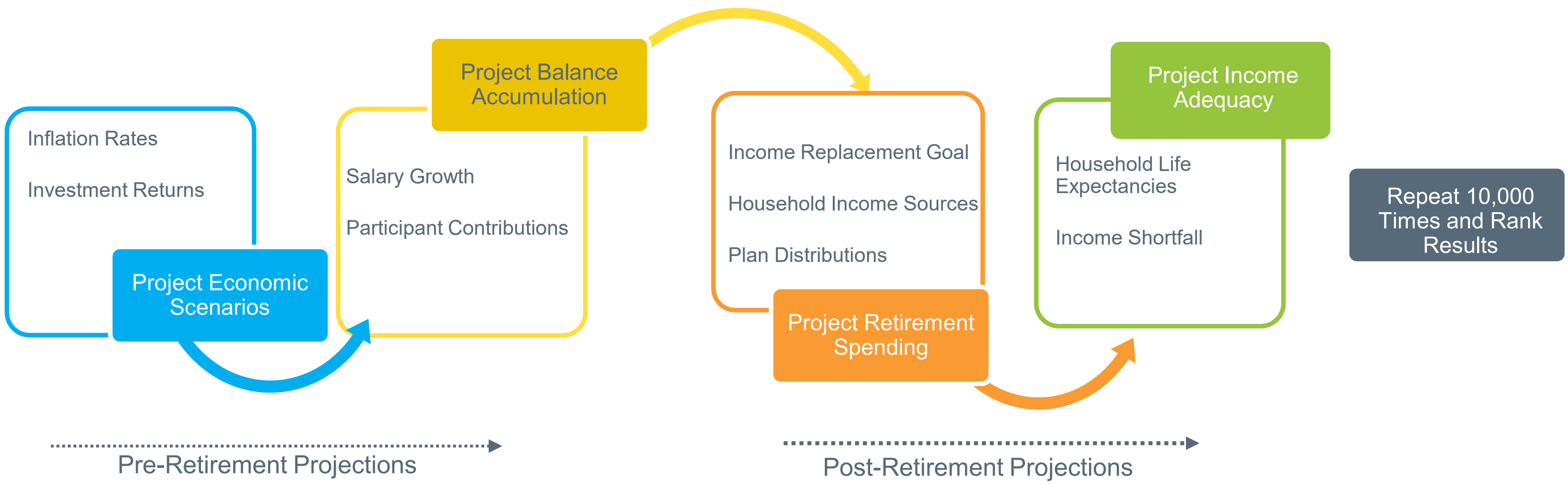
a. Phase I Demographic Analysis

b. Retirement Income Model & References

RVK Retirement Income Model (RIM)

- The objective of a stochastic analysis is to understand the possible range of future outcomes facing participants in the Ohio Deferred Compensation Program (“Ohio DC”).

- The RIM is customized to reflect median participants’ saving patterns, Ohio public employees’ typical demographic profile, and expected income sources in retirement. Participants are assumed to be fully invested in the BlackRock LifePath Index Funds .



NOTE: The RVK RIM runs thousands of simulations that project potential economic scenarios, balance accumulation, and retirement spending paths. The model aims to capture the interaction between various external events and participants’ decisions in order to better understand the wide range of outcomes that the typical participant faces in real life. The results are ranked and utilized to estimate the likelihood that the typical Ohio public employee enrolled in Ohio DC will have sufficient income in retirement.

RVK Retirement Income Model (RIM)

Assumptions

Model Inputs

- Mortality assumptions sourced from the Society of Actuaries RP-2014 Mortality Tables with the Mortality Improvement Scale MP-2021.
- Essential spending needs are estimated based on state-specific Elder Economic Security Index, National Council on Aging (NCOA), 2022 for a healthy couple, homeowners with no mortgage.
- Pension income calculated based on Ohio Retirement System (OPERS) benefit formulas. Social Security income estimates sourced from Social Security Online Quick Benefit Calculator.
- Pay increase based on RVK long-term inflation assumptions (2023) and the Merit and Longevity Increase schedule for State employees (OPERS Annual Comprehensive Financial Report 2022).
- Capital market assumptions and inflation based on RVK long-term Capital Market Assumptions (2023).
- Plan-specific assumptions are used for contributions (subject to current and projected IRS contribution limits), income replacement needs, investment allocations, years of service, retirement age, among others. Age-group data is used as applicable (5-year increments).
- For more information on the assumptions used see Retirement Readiness Review I (RVK, August 2023).

Projections

- The RVK Retirement Income Model (RIM) projects annual salary growth, savings, balance accumulation, retirement distributions, and household mortality, in 10,0000 Monte Carlo paths.

Model Output

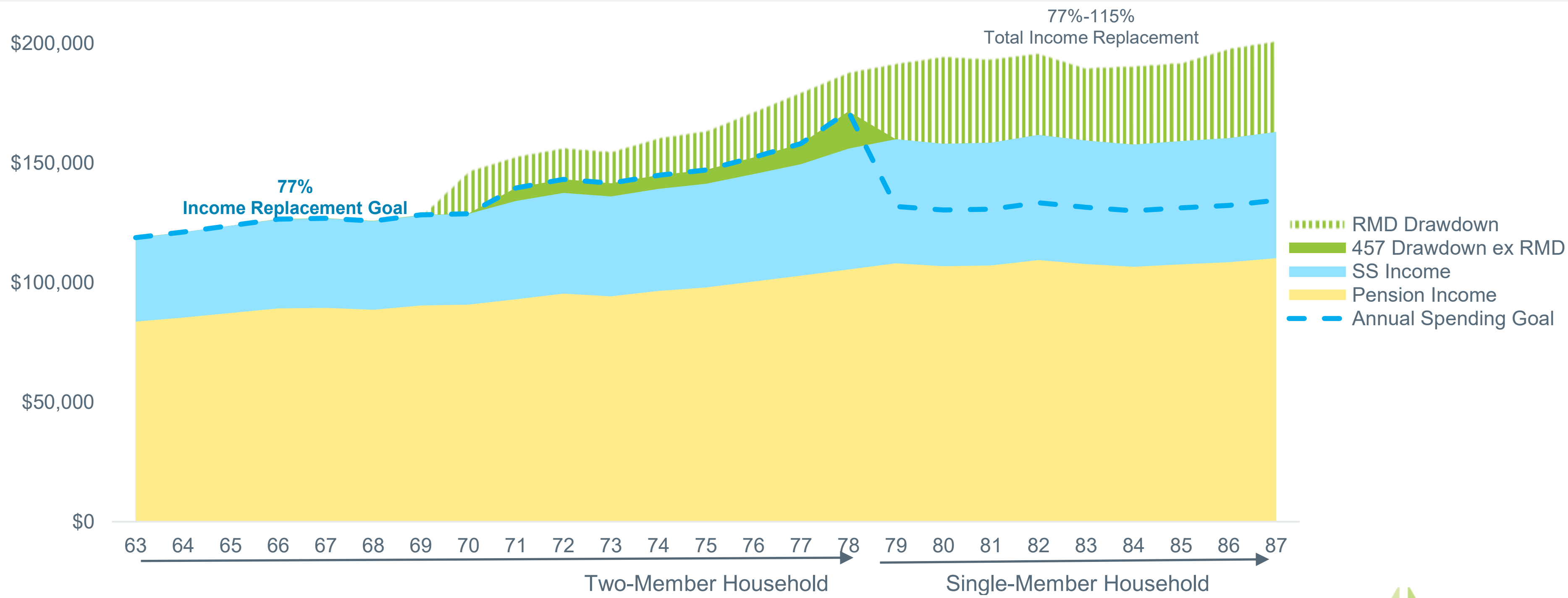
- The Payout Ratio is the annual DC distribution as a percentage of the ending participant balance at retirement. The reported ratio is the average payout ratio across the distribution phase. The Target Payout is calculated based on the cohort-specific income replacement goal and projected changes in inflation and household size.
- Total Income Replacement is the average income replacement during the retirement phase derived from all income sources. Guaranteed Income Replacement is average income replacement during the retirement phase derived from guaranteed income sources like pension and Social Security Income.
- Standard of Living Benchmark rate represents annual income replacement goal after retirement adjusted for inflation and household size.
- Basic Cost of Living Benchmark is calculated as annual basic spending needs after retirement, relative to the final salary before retirement, adjusted for inflation and household life expectancy. The basic cost of living benchmark is estimated using the Elders Economic Security Index annual expenses, owners without mortgage – Ohio Statewide Average (NCOA, 2022).
- Age at Depletion represents the age of the head of the household at the end of the retirement phase. The projections assume a household of two
- Present Value of Income Shortfall is the value of any positive income shortfall in retirement discounted to the start of the projection period.
- Legacy represents that value of Ohio DC retirement account at the end of the retirement phase.
- In the RIM base projections, DC distributions are dynamically determined each year in order to eliminate the projected retirement income shortfall, taking into account changes in household life expectancy, Social Security, pension income (if applicable), and realized inflation.
- Annual RMD spending is calculated for all retirement income projections consistent with 2023 IRS Required Mandatory Minimum (RMD) schedules.

Retirement Spending Example

- The simulations assume that a participant regularly contributes to their account until retirement. After retirement, the participant begins to draw down on the account, as needed, to meet any shortfall in the household's spending needs, or as required under the IRS mandatory required distributions. The simulations assume an income replacement goal of 77% of pre-retirement income, adjusted for inflation.

- The following chart outlines the retirement income sources.
  - After retirement, the participant is able to meet the 77% income replacement goal through a combination of pension and Social Security income.
  - Any income shortfall is met through drawing down Ohio DC balance, and after age 70, the participant starts taking annual RMD distributions.

- The simulation shows that the participant household is able to meet its income goal during the retirement phase through a combination of the three income sources.



References

- OPERS Annual Comprehensive Financial Report 2022.
- Bureau of Labor Statistics, Consumer Expenditure Survey – 2022.
- Elder Economic Security Index, National Council on Aging (NCOA), 2022.
- Social Security Online Quick Benefit Calculator.
- SmartAsset.com income tax calculators.

RVK

PORTLAND BOISE CHICAGO **NEW YORK**

RVK

Strategic Plan Objectives Update

Goal/ Objective	Lead	Target Quarter/Year	Objective	Status	Comments

Goal #1: Provide quality participant services and promote financial literacy through effective education and clear communication.

Goal #2: Establish plan features and tools that encourage supplemental savings to provide income through retirement.

Goal/ Objective	Lead	Target Quarter/Year	Objective	Status	Comments
2-49	KK/JC	~~4Q 2022~~ 4Q 2023	Complete Phase III of recordkeeping modernization project.		*****COMPLETED***** *See the memo following the update for a summary.*
2-55		4Q 2024	Update the internal fiduciary review, every five years.		***NAGDCA's Governmental Plan Fiduciary Responsibility Checklist was last conducted in 2019. NAGDCA updated the checklist in August 2023, increasing the number of major topics from five to seven, but reducing the number of questions from 35 to 32. The checklist will be broken down and assigned to different members of staff and Nationwide. A review of the policies appended to the Board Governance Manual will be included.***

On Target

Potential Delay With Target

Target Delayed

Strategic Plan Objectives Update

Goal/ Objective	Lead	Target Quarter/Year	Objective	Status	Comments
Goal #3: Provide suitable, diverse, cost effective investment options.					
3-26	PM/RVK	~~2Q 2022~~ ~~3Q 2022~~ ~~3Q 2023~~ ***4Q 2024***	Research asset retention strategies, including but not limited to self-directed brokerage window and managed account options.		***At the September meeting, RVK presented survey results regarding the Board's interest in exploring SDBA and Managed Accounts. The majority of the Board opted to "Receive further information/education regarding fiduciary obligations, potential participant utilization, provider marketplace, and estimated implementation costs/timeline at an upcoming meeting." RVK will present further education at the August 2024 Strategic Planning meeting.***
3-27	PM/RVK	~~2Q 2023~~ ~~3Q 2023~~ ***4Q 2024***	Research retirement income strategies.		***RVK presented their Phase I research regarding retirement income strategies in August 2023. Phase II research will be presented at the January 2024 meeting. Phase III research will be presented at the August 2024 Strategic Planning meeting.***

On Target | Potential Delay With Target | Target Delayed

Strategic Plan Objectives Update

Goal/ Objective	Lead	Target Quarter/Year	Objective	Status	Comments

Goal #4: Accurately and fairly apply laws; when appropriate, advocate regulatory and legislative changes.

Goal #5: Develop and implement prudent practices to effectively govern and administer the Plan.

Goal/ Objective	Lead	Target Quarter/Year	Objective	Status	Comments
5-20	KK/PM/CW	~~3Q 2022~~ ~~3Q 2023~~ TBD	Develop an administrative staffing model to assist with maintaining new technology, participant service enhancements, and succession plans.		***Staff has requested HR Services quotes, which are due by January 19, 2024. Staff will report out at the March 2024 meeting. Staff will analyze the cost/benefit of continuing to contract for further maintenance and development of ORIS and PWP versus hiring internal IT staff. A recommendation is planned for the August 2024 Strategic Planning meeting.***

On Target

Potential Delay With Target

Target Delayed

Deferred Compensation

MEMORANDUM

TO: Board of Trustees

FROM: Paul D. Miller, Interim Executive Director
Kevin Kirkpatrick, Director of Administration

DATE: January 16, 2024

SUBJECT: Strategic Objective 2-49 – Recordkeeping Modernization Phase III

Executive Summary

At the September 2019 Board meeting, Strategic Objective 2-49, to "Complete Phase III of recordkeeping modernization project" was added to the strategic plan with a targeted completion date of the fourth quarter 2020. Due to the expansion of the scope of that objective, the target date was moved to the fourth quarter 2023.

Phase I of the Recordkeeping Modernization Project was completed on March 2, 2019, with the development and implementation of the Ohio Recordkeeping Information System (ORIS). Phase II resulted in the new Participant Website Portal (PWP) and the addition of the Roth 457 option, which was implemented on January 4, 2020. Phase III was dedicated to the technical support and enhancement of each of those applications (ORIS and PWP), providing security, improved participant service, and operational efficiencies.

Phase III accomplishments included, but were not limited to:

- State of Ohio auto-enrollment
- Online beneficiary updates
- Enrich Single Sign-On integration
- Online withdrawals
- Address standardization
- Bank account verification
- eDelivery of transaction confirmations, annual statements, and Form 1099-R
- SMarT Plan management
- Enhanced PWP W-4P updates
- Annual contact info verification
- Updated workflows for transfer and withdrawal entry
- Numerous security features and upgrades, including Security Information and Event Management (SIEM) implementation

The recordkeeping system has been modernized. However, each application requires continued maintenance and development for additional up-front participant service features and increased back-office efficiency. There are numerous projects being worked on or planned for, some of which include:

- SECURE 2.0 Act updates
- Technology stack upgrades
- Moving to platform as a service or infrastructure as code
- Document Management System or equivalent
- PWP search
- Roth online withdrawals
- Email validation
- Option of SMarT Max for pre-tax and Roth participants
- Monitor and process list of known fraudulent emails
- Generate check file to JPMC for benefit payment checks

For the ongoing enhancements, staff will evaluate the cost-benefit of issuing an RFP for renewed outsourcing of IT resources to meet these needs versus adding additional internal staff to keep costs down and control tight.

Conclusion

Based on the number of enhancements already made to ORIS and PWP and the continued need to properly meet participant service needs and operational efficiency, staff considers Strategic Objective 2-49 to be complete.

Ohio Deferred Compensation

INFORMATION ITEMS

OHIO Deferred Compensation

MEMORANDUM

To: Board of Trustees

From: Paul D. Miller, Interim Executive Director
Kevin Kirkpatrick, Director of Administration

Date: January 16, 2024

Subject: Nationwide Contract Update

<u>Executive Summary</u>

The current Nationwide Enrollment, Education, and Customer Service contract is a two-year contract that expires on June 30, 2024. Discussions were held about extending the Nationwide contract at the January and March 2023 Board meetings, and in March, the Board voted to waive the RFP requirement and enter negotiations with Nationwide for a contract extension, which included considering alternative lengths of the extension. At the September 2023 meeting, the Board approved staff move forward with negotiations on a two-year contract extension with Nationwide using the financial terms provided by Nationwide.

Staff has reviewed Nationwide's proposed updated contract provisions and added some additional protections and clarity of duties, which should enhance participant interactions, information security, and allow for greater control and oversight over the service. The proposed contract has been provided to the Attorney General's office for legal review. Upon approval from the Attorney General's office, staff will provide the proposed contract to Nationwide to continue negotiations. Staff expects the contract renewal is on track to present at the March meeting for final approval.

Ohio Deferred Compensation
Invest in you.

BOARD UPDATE

JANUARY 2024

Board Meeting Schedule

January Board Meeting

The January Board meeting will take place on Tuesday, January 16, at 9 a.m.

The meeting will be held in the OPERS 12th floor Board room. Materials for this meeting will be sent out by January 8.

March Audit Committee and Board Meetings

The March Audit Committee and Board meeting will take place on Tuesday, March 19.

The Audit Committee meeting will begin at 8:30 a.m. and the Board meeting will begin at 9 a.m.

Note: The Board Chair will make the Audit Committee assignments after the January meeting.

2024 Board Meeting Schedule

State of Ohio Automatic Enrollment

Since July 2022, the State has sent 7,184 valid new hire records. There are 6,061 records that have been processed. Currently, 575 (9.5%) people have opted out, 1,704 (28.2%) have enrolled on their own to begin contributions sooner, and 3,782 (62.3%) new accounts have been created.

Roth457

To date, 648 employers have adopted the Roth 457 Option and 9,283 participants have enrolled.

GFOA Award Received

We are pleased to announce that we have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for the 2022 Annual Comprehensive Financial Report.

This is the 31st consecutive year that Ohio DC has been awarded this certificate.

Strategic Plan Objectives Update

Check out the status of the Strategic Plan objectives.

December 2023|Ohio DC Statistics

Review important statistics regarding assets, enrollments, cash reserves and cash flows.

HAPPY NEW YEAR!

Enrich

In January 2020, an RFP was released for financial wellness services. In September 2020, the Board voted to enter a 5-year contract with Enrich to provide financial wellness services to our active and retired participants. Based on the potential for 209,000 participants utilizing Enrich, the annual cost was approximately $83,600 in years 1-3 and a 3-percent cost increase in both years 4 and 5.

The Enrich financial platform is built around the Your Money Personality™ financial behavior assessment. After each user completes this assessment, Enrich personalizes the entire platform for that user based on their answers. The platform also offers videos, calculators, webinars, articles, and financial education courses with interactive exercises to provide a personalized action plan.

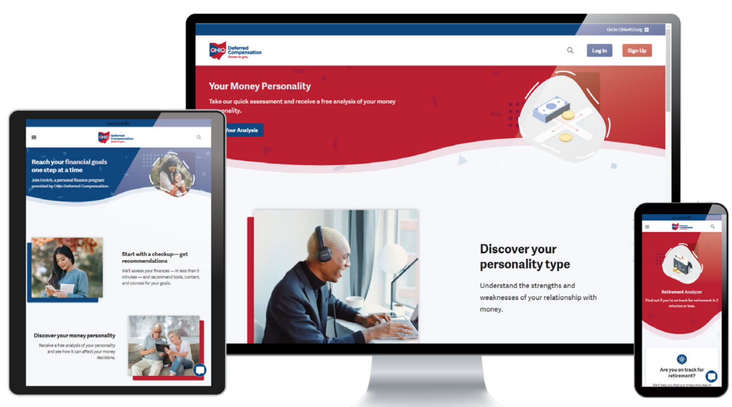
Access to the Enrich platform was made available to our participants in May 2021 and then marketed to a pilot group of participants in June 2021. The pilot group of participants were surveyed on their experience, which was positive. An email marketing campaign for all participants without an Enrich profile began in August 2021.

Ohio DC sends quarterly emails to participants without an Enrich profile, encouraging enrollment and usage, and we see a spike in Enrich activity after each email. At least one quarterly marketing campaign is dedicated to Enrich features and articles, and the platform is continually promoted by Field Account Executives when meeting on-site or virtually with participants.

Enrich consistently updates the platform. Some of the updates provided visual redesign, enhanced accessibility and navigation, and encouraged engagement with email campaigns for onboarding, Checkup, Your Money Personality, and Stress Score reminders. Recently, Enrich launched the Mindfulness Hub, which is an 8-week program to help build money mindfulness habits that include meditation, journaling, and a stress score.

Enrich Statistics
Since June 2021

Registrations	15,340
Return Users	4,622 or 30%
Check up Starts	14,968
Check up Completed	11,411
Your Money Personality Starts	5,628
Your Money Personality Completions	5,156
6-month average for sessions	6,000
6-month average session time	4m 40s



OHIO Deferred Compensation

2024
BOARD/COMMITTEE MEETING SCHEDULE

January 16, 2024 (9 a.m. to noon)
- Board meeting

February-No Meeting

March 19, 2024 (9 a.m. to noon)
- Audit Committee (@ 8:30 a.m.)
- Board meeting

April-No Meeting

May 14, 2024 (9 a.m. to noon)
- Audit Committee (@ 8:30 a.m.)
- Board meeting

June-No Meeting

July-No Meeting

Tuesday August 20, 2024–Strategic Planning Meeting *(All Day)*

September-No Meeting

October 15, 2024 (9 a.m. to noon)
- Board meeting

November 19, 2024 (9 a.m. to noon)
- Board meeting

December-No Meeting

Strategic Plan Objectives Update

Goal/ Objective	Lead	Target Quarter/Year	Objective	Status

Goal #1: Provide quality participant services and promote financial literacy through effective education and clear communication.

Goal #2: Establish plan features and tools that encourage supplemental savings to provide income through retirement.

Goal/ Objective	Lead	Target Quarter/Year	Objective	Status
2-49	KK/JC	~~4Q 2022~~ 4Q 2023	Complete Phase III of recordkeeping modernization project.	
2-55		4Q 2024	Update the internal fiduciary review, every five years.	

Goal #3: Provide suitable, diverse, cost effective investment options.

Goal/ Objective	Lead	Target Quarter/Year	Objective	Status
3-26	PM/RVK	~~2Q 2022~~ ~~3Q 2022~~ ~~3Q 2023~~ ***4Q 2024***	Research asset retention strategies, including but not limited to self-directed brokerage window and managed account options.	
3-27	PM/RVK	~~2Q 2023~~ ~~3Q 2023~~ ***4Q 2024***	Research retirement income strategies.	

On Target

Potential Delay With Target

Target Delayed

Strategic Plan Objectives Update

Goal/ Objective	*Lead*	*Target Quarter/Year*	*Objective*	*Status*

Goal #4: Accurately and fairly apply laws; when appropriate, advocate regulatory and legislative changes.

Goal #5: Develop and implement prudent practices to effectively govern and administer the Plan.

5-20	KK/PM/CW	~~3Q 2022~~ ~~3Q 2023~~ TBD	Develop an administrative staffing model to assist with maintaining new technology, participant service enhancements, and	

On Target

Potential Delay With Target

Target Delayed

December 2023 | Ohio DC Statistics

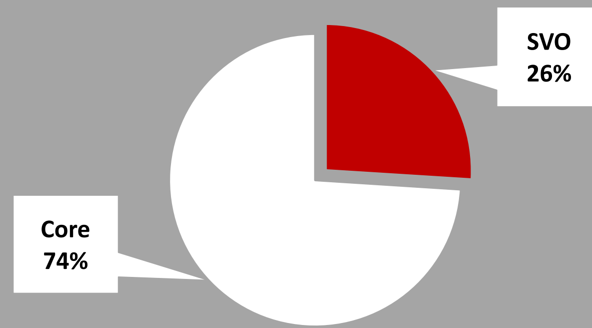
MONTHLY MARKET PERFORMANCE

	December	YTD
Large Company Stocks	▲ 4.54%	▲ 26.28%
Small/Mid Company Stocks	▲ 10.30%	▲ 25.07%
Non-US Stocks	▲ 5.17%	▲ 15.93%
Total Bond Market	▲ 3.74%	▲ 5.61%

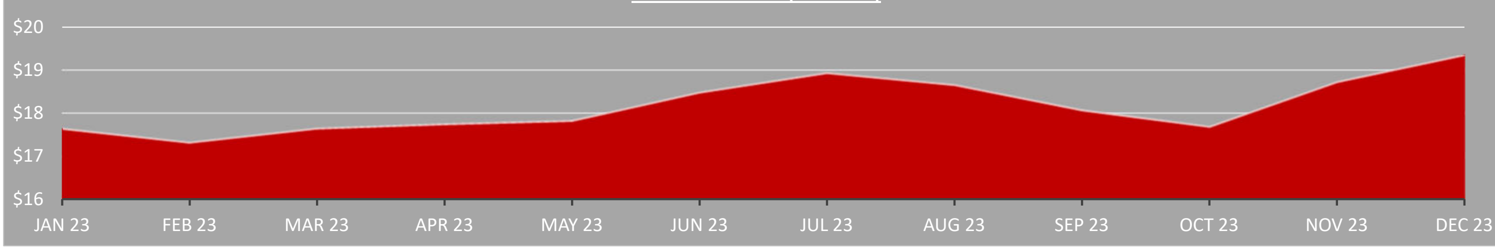
Monthly Perf.
$746
million

YTD Perf.
$3,067
million

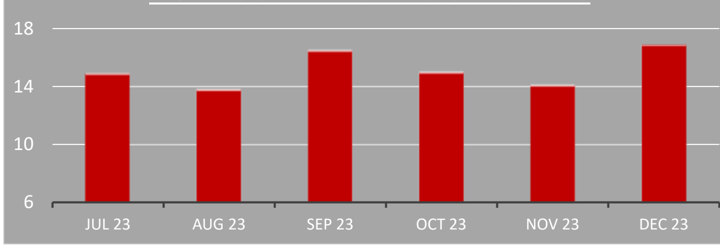
MONTH END ASSET ALLOCATION



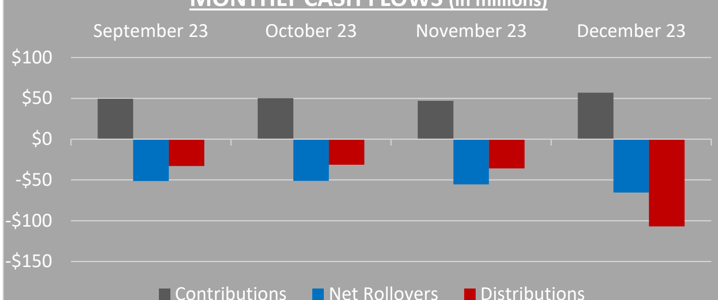
TOTAL ASSETS (in billions)



MONTHS OF EXPENSE IN CASH RESERVES



MONTHLY CASH FLOWS (in millions)



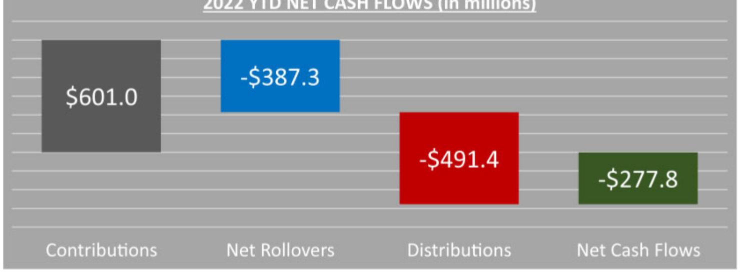
KEY INDICATORS

		December	YTD
Enrollments			
	2023	1,645	20,169
	2022	1,557	17,805
	% Change	▲ 5.7%	▲ 13.3%
Unforseeable Emergencies (in millions)			
	2023	$ 1.1	$ 13.3
	2022	$ 0.7	$ 9.9
	% Change	▲ 67.9%	▲ 33.8%

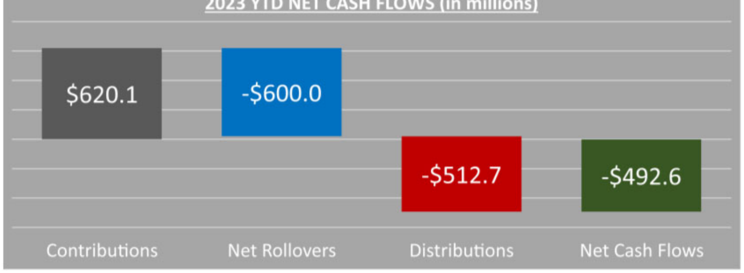
Applications Processed:	319
Applications Approved:	312
Percentage Self-Certified:	69%

Approval %
97.8%

2022 YTD NET CASH FLOWS (in millions)



2023 YTD NET CASH FLOWS (in millions)



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

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM
ADMINISTRATIVE FUND
COMPARATIVE BALANCE SHEETS (UNAUDITED)

	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
PETTY CASH	$50	$50
CHECKING ACCOUNT	122,960	556,075
MONEY MARKET ACCOUNT	7,009,559	4,897,645
SHORT TERM INVESTMENTS	11,385,177	10,909,585
ACCOUNTS RECEIVABLE / PREPAYS	1,260,130	1,279,494
TOTAL CURRENT ASSETS	19,777,876	17,642,849
FIXED ASSETS:		
RECORDKEEPING MODERNIZATION	3,516,856	986,561
ORIS - PWP	17,189,289	17,189,289
FURNITURE AND FIXTURES	251,832	251,832
OFFICE EQUIPMENT	182,761	147,831
IBM AS/400	2,869	2,869
LEASE ASSET	2,209,807	2,209,807
LEASEHOLD IMPROVEMENTS	46,551	46,551
TOTAL FIXED ASSETS	23,399,965	20,834,739
LESS ACCUMULATED DEPRECIATION	(5,199,480)	(4,016,446)
NET FIXED ASSETS	18,200,485	16,818,293
LONG TERM ASSETS:		
UNCLAIMED PARTICIPANT BENEFIT PAYMENTS	483,092	372,466
TOTAL LONG TERM ASSETS	483,092	372,466
TOTAL ASSETS	**$38,461,452**	**$34,833,608**
LIABILITIES & FUND BALANCE		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	$549,530	$667,142
HEALTH INSURANCE RESERVE	137,693	119,208
ACCRUED EXPENSES	553,854	450,263
SHORT-TERM LEASE LIABILITY	226,836	226,836
TOTAL CURRENT LIABILITIES	1,467,913	1,463,449
LONG TERM LIABILITIES:		
UNCLAIMED BENEFIT PAYMENT LIABILITY	480,754	371,130
LONG-TERM LEASE LIABILITY	1,557,073	1,557,073
TOTAL LONG TERM LIABILITIES	2,037,827	1,928,203
TOTAL LIABILITIES	3,505,740	3,391,652
FUND BALANCE:		
BEGINNING OF YEAR	31,441,956	29,194,005
CURRENT YEAR SURPLUS (DEFICIT)	3,513,756	2,247,951
TOTAL FUND BALANCE	34,955,712	31,441,956
TOTAL LIABILITIES & FUND BALANCE	**$38,461,452**	**$34,833,608**

NOTE: CERTAIN ACCRUAL ADJUSTMENTS HAVE BEEN OMITTED

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM
ADMINISTRATIVE FUND
FUND RESERVE CALCULATION

	2023	2022
Annual Expense Budget **	$13,142,197	$12,358,000
Average Monthly Expense Budget	$1,095,183	$1,029,833

	December 31, 2023	December 31, 2022
CHECKING ACCOUNT	$122,960	$556,075
MONEY MARKET ACCOUNT	7,009,559	4,897,645
SHORT TERM INVESTMENTS	11,385,177	10,909,585
NET CASH RESERVES	$18,517,696	$16,363,305
Number of Months Expense in Reserve	16.9	15.9

The fund reserve policy was updated in July 2012 and seeks to retain a fund reserve equal to six to eighteen months of operating expense.

****The annual expense budget is adjusted for the impact of non-cash depreciation.**

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM
ADMINISTRATIVE FUND
MONTHLY AND YEAR-TO-DATE REVENUES AND EXPENSES, WITH BUDGET COMPARISONS

	MONTH OF Dec 2023			YEAR-TO-DATE 2023			
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
PARTICIPANT FEES	$1,342,603	$1,268,241	$74,362	$15,509,919	$14,864,647	$645,271	
INTEREST INCOME	369,149	49,108	320,041	1,257,698	515,528	742,170	*
TOTAL REVENUE	**1,711,752**	**1,317,349**	**394,403**	**16,767,616**	**15,380,175**	**1,387,441**	
SALARIES	356,493	370,334	(13,840)	2,175,734	2,584,133	(408,399)	*
BENEFITS	102,272	75,369	26,903	633,767	779,535	(145,768)	*
INFORMATION TECHNOLOGY (IT)	46,690	60,352	(13,662)	505,958	724,221	(218,263)	*
INSURANCE	2,700	0	2,700	202,356	215,200	(12,844)	
HIRING AND RECRUITING	0	750	(750)	1,299	9,000	(7,701)	
RENT	14,310	14,393	(83)	171,720	172,716	(996)	
PRINTING	0	8,191	(8,191)	16,180	27,236	(11,056)	*
POSTAGE/DELIVERY	37,720	30,751	6,969	391,021	380,525	10,496	
BOARD MEMBERS	26	725	(699)	5,278	10,540	(5,262)	
EDUCATION/LICENSE/TRAVEL	913	2,221	(1,308)	15,830	26,650	(10,820)	*
STATEMENTS	0	0	0	138,770	149,300	(10,530)	
PROFESSIONAL FEES	6,358	42,333	(35,976)	494,828	749,788	(254,960)	*
PARTICIPANT ADJUSTMENTS	0	400	(400)	(30,249)	4,800	(35,049)	*
BANK FEES	17,000	14,250	2,750	189,887	171,000	18,887	*
MISCELLANEOUS	3,299	3,215	84	29,875	38,575	(8,700)	
OPERATING EXPENSES	**587,781**	**623,284**	**(35,503)**	**4,942,252**	**6,043,219**	**(1,100,967)**	
DEPRECIATION AND AMORTIZATION	299,248	309,412	(10,164)	1,182,176	1,237,648	(55,472)	
TOTAL OPERATING EXPENSES	**887,029**	**932,696**	**(45,667)**	**6,124,429**	**7,280,867**	**(1,156,439)**	
NRS COMPENSATION	746,373	747,112	(739)	6,888,974	6,858,520	30,453	
OCCUPANCY COSTS	13,000	13,000	0	156,000	156,000	0	
FINANCIAL WELLNESS	6,967	6,967	0	83,600	83,600	0	
DEPRECIATION	0	214	(214)	858	858	0	
TOTAL CUSTOMER SERVICE EXPENSE	**766,339**	**767,293**	**(953)**	**7,129,431**	**7,098,978**	**30,453**	
TOTAL EXPENSES	**1,653,368**	**1,699,988**	**(46,620)**	**13,253,860**	**14,379,845**	**(1,125,985)**	
NET REVENUES OVER EXPENSES	**$58,383**	**($382,639)**	**$441,023**	**$3,513,756**	**$1,000,330**	**$2,513,426**	

CERTAIN ACCRUAL ADJUSTMENTS HAVE BEEN OMITTED

A ($) VARIANCE INDICATES ACTUAL AMOUNTS ARE LOWER THAN BUDGETED.

* = SEE ATTACHED EXPLANATION OF YTD VARIANCE OVER $10,000 AND 10% FROM BUDGET.

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM
ADMINISTRATIVE FUND
YEAR-TO-DATE VARIANCE ANALYSIS OVER $10,000 AND 10% FROM BUDGET

	MONTH OF Dec 2023			YEAR-TO-DATE 2023		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
INTEREST INCOME	$369,149	$49,108	$320,041	$1,257,698	$515,528	$742,170

Changes in the interest rate environment have lead to higher yields on new investments. Additionally, the duration of our short-term investments allowed our portfolio to maintain a higher weighted average return than expected. These two factors have resulted in higher than expected interest income. The annual mark to market adjustment for 2023 is $250k, which makes up the majority of the monthly variance.

SALARIES	$356,493	$370,334	($13,840)	$2,175,734	$2,584,133	($408,399)

Salaries are lower than budgeted due to several open positions that were budgeted to be filled for the entire year.

BENEFITS	$102,272	$75,369	$26,903	$633,767	$779,535	($145,768)

Benefits are lower than budgeted due to several open staff positions that were budgeted to be filled for the entire year. Additionally, lower than expected health claims had been incurred earlier this year. However, this has recently changed and our claims are increasing, leading to a rise in the current expense, since we adjusted the reserve back up to an acceptable level. Our reserve for future health claims is around $140,000 at month-end.

INFORMATION TECHNOLOGY	$46,690	$60,352	($13,662)	$505,958	$724,221	($218,263)

$20,000 was budgeted for training and $75,000 for security consulting, which were not utilized in 2023. Additionally, there are approximately $40,000 in IT tests performed in November, which we have not yet been billed, but will adjust back to 2023 when received, in order to partially offset this variance.

PRINTING	$0	$8,191	($8,191)	$16,180	$27,236	($11,056)

A budget amendment was approved for printing of FDLY transition letters; however, this cost has not yet been expensed. Once the bill is paid, we will adjust back to 2023 in order to offset this variance.

EDUCATION/LICENSES/TRAINING	$913	$2,221	($1,308)	$15,830	$26,650	($10,820)

Most of this variance is due to $7,000 being budgeted for college tuition benefits, but no one has submitted tuition to be reimbursed in 2023.

PROFESSIONAL FEES	$6,358	$42,333	($35,976)	$494,828	$749,788	($254,960)

Most of this variance is due to $200,000 being budgeted for an organizational staffing study ($33,333 per month July to December), that has not been started. In addition, $70,000 was budgeted for an Executive Director search, but the search was paused with only $17,500 billed.

PARTICIPANT ADJUSTMENTS	0	400	(400)	(30,249)	4,800	(35,049)

During 2023, net participant account adjustments have resulted in income to Ohio DC.

BANK FEES	$17,000	$14,250	$2,750	$189,887	$171,000	$18,887

Higher than expected fees from Chase, due to increased services. $6,000 of this variance was originally budgeted within Information Technology, but the charges flow through bank fees.

MEMORANDUM

To: Paul Miller, Interim Executive Director

From: Matt Gill, Nationwide Program Director

Subject: Service and Marketing Update

Date: 1/16/2024

The purpose of this memorandum is to highlight the service and marketing activities that have occurred since the last regular Board meeting. This summary has been organized into a format consistent with Ohio DC's strategic goals. The marketing checklist for 2023 attached to this report shows highlighted activities that were completed in November and December.

I. Provide quality participant services and promote financial literacy through effective education and clear communication.

During the past two months, the Service Center received 20,459 calls, which is a 3% decrease over the same period last year. All Field Account Executives are publicizing telephone and virtual meetings through Microsoft Teams. The majority of events are completed in person instead of over the phone or computer. Field Account Executives are also conducting more group webinars than in previous years, combining in-person visits with remote multi-employer meetings.

Enrollments over the last two months totaled 3,230; up 4% from the same period last year. State auto-enrollment, which was not available last year until this time, represents 17% of total enrollments since inception. While many of these auto-enrolled individuals would have eventually enrolled through a traditional process, the program appears to be successful with an average of 285 people per month being auto-enrolled. SMarT plan enrollments were also up 11% from the same period last year.

Nationwide introduced the Virtual Adventure Center in August as a fun, interactive way to encourage eligible employees and participants to interact with Ohio DC. Nationwide will share more with the Board during the Annual Service Plan presentation in January 2024.

II. Establish plan features and tools that encourage supplemental savings to provide income through retirement.

The total events attended by Field Account Executives were 10% higher than last year at this time. Retirement Planning Specialist individual meetings were up 22% from the same period last year. While no webinars were offered in November and December of 2022, multiple webinars were offered this November and December, with 705 people in attendance.

III. Provide suitable, diverse, cost-effective investment options.

Mapping was completed on December 8 for the two Fidelity Commingled Pools which reduced cost for participants. Since this was a fund mapping to a new share class only, the Service Center saw very few participant questions.

IV. Accurately and fairly apply laws; when appropriate, advocate regulatory and legislative changes.

Legislative Update

Department of Labor declines to extend Retirement Security Rule comment period, moves hearing dates a week earlier to December 12

On November 15, the Department of Labor (DOL) sent letters to companies and trade associations that had filed comments requesting an extension of the 60-day comment period and a delay in the public hearing date for the Retirement Security Rule. The DOL's letter, signed by Lisa Gomez, Assistant Secretary of the Employee Benefits Security Administration, explained that the department does not intend to extend the comment period despite the numerous requests from stakeholders. The public hearing is to be held virtually on December 12 and 13, and the comment period will end on January 2, 2024.

Senators Cassidy and Kaine introduce a bill to help young Americans save earlier

On November 15, Sens. Bill Cassidy (R-LA) and Tim Kaine (D-VA) introduced a bipartisan effort aimed at increasing access to retirement savings through the Helping Young Americans Save for Retirement Act. The legislation would reduce the eligibility age from 21 to 18 for 401(k) and 403(b) plans. Of note, those employees who work between 500 and 999 hours a year would not become eligible until they turn 21, generally limiting the rule to full-time employees. Under current law, employees under 21 are often precluded from defined contribution plans, even if they have 1,000 hours of service.

Congress averts a government shutdown
On November 16, the Senate voted 87-11 to pass a temporary government funding package. This continuing resolution keeps the government funded for 2 more months while appropriation bills are negotiated with imposed deadlines. The deadlines are split in 2 dates: January 19, 2024, for some federal agencies and February 2, 2024, for others — a laddered approach favored by House Speaker Mike Johnson. Also, the spending package does not include the White House's $106 billion aid request for Israel, Ukraine, humanitarian support for Palestinians, and other supplemental requests. Despite averting a shutdown, the House remains plagued by internal divisions in passing appropriation bills as another shutdown looms in the months ahead.

V. Develop and implement prudent practices to effectively govern and administer the plan.

Over the last two months, the Service Center and Field Account Executives have held various training meetings to update the team on procedure changes and new plan features including:

- Procedures update
- Salesforce skills and tips
- Route planning for meetings with employers
- Business plans for 2024
- Updates from STRS and SERS
- 403(b)Wise guest speaker
- Beneficiary rules
- Tax forms

2023 Marketing Checklist

	Target Date	Completed Date
Employer Emails		
Employer Newsletter Notification (Communication Mgr.)	December	December
Employer webinar (Communication Mgr.)	March	March
Participant Emails		
Quarterly Newsletter	January	January
Promotional email Q1	January	January
Webinar Wednesday announcement - February	February	February
eDelivery reminder email	February	February
Early Saver eNewsletter 1	March	March
Webinar Wednesday announcement - March	March	March
Retiree newsletter 1	March	March
Enrich promotion Q1	March	March
Webinar Wednesday announcement - April	April	April
Quarterly Newsletter	April	April
Promotional email Q2	April	April
Webinar Wednesday announcement - May	May	May
Beneficiary clean-up email	May	May
Webinar announcement for Tax Efficient Retirement Income	May	May
Beneficiary clean-up email	May	May
Webinar Wednesday announcement - June	June	June
Cybersecurity awareness reminder to establish profile	June	June
Enrich promotion Q2	July	July
Webinar Wednesday announcement - July	July	July
Quarterly Newsletter	July	July
Webinar announcement for Medicare Planning	July	July
Promotional email Q3	July	July
Webinar announcement - 8/23, 8/24 webinars	August	August
Webinar announcement - 8/30, 8/31, 9/13, 9/14 webinars	August	August
Stay In Plan email	August	August
Beneficiary clean-up email	September	September
Beneficiary clean-up email	September	September
Webinar announcement - 9/20, 9/21 webinars	September	September
Early Saver eNewsletter 2	September	September
Webinar announcement - 10/4, 10/11 webinars	September	September
Webinar announcement - 9/27, 9/28 webinars	September	September
Enrich promotion Q3	September	September
Webinar announcement - 10/18 webinars	September	September
Retiree newsletter 2	September	September
Webinar announcement - 10/25 webinars	October	October
RMD management email	October	October
Quarterly Newsletter	October	October
Webinar announcement - 11/2 webinar	October	October
Promotional email Q4 - Stay the Course	October	October
Webinar announcement - 11/29 webinars	November	November
Webinar announcement - 12/7 webinar	November	November
Webinar announcement - 12/20 webinars	November	November
New Deferral Limits	December	December
Enrich promotion Q4	December	December
Webinar announcement for 1/10/24	December	December
Web Banners		
RMD, Campaign banner	January	January
Campaign banner, RMD	February	February
Campaign banner, SMarT	March	March

	Target Date	Completed Date
Campaign banner (Enrich), SMarT	April	April
Campaign banner (Enrich), SMarT	May	May
Campaign banner (Enrich), SMarT	June	June
Campaign banner (Enrich), SMarT	July	July
New logo, Campaign banner (Enrich), SMarT	August	August
Campaign Banner	September	September
Campaign Banner	October	October
Campaign banner, Adventure Center	November	November
Campaign banner, Adventure Center	December	December
Physical Mailings		
C Status Participant Letter to be sent by Board Office	February	February
C Status Participant Letter to be sent by Board Office	May	May
Accel Letter to be sent by Board Office	May	May
Small Balance Letter to be sent by Board Office	May	May
Old Beneficiary Designations Clean-Up sent by Board Office	May	May
C Status Participant Letter to be sent by Board Office	June	June
Stay In Plan postcard	September	September
Newsletter articles - Front Page		
Put Your Heart in it Ohio - Market Volatility	January	January
Put Your Heart in it Ohio - Financial Wellness	April	April
Brand Refresh Campaign	July	July
Brand Refresh Campaign	October	October
Webinars		
Webinar Wednesday - 9:00am Approaching Retirement	February	February
Webinar Wednesday - 9:00am Approaching Retirement; Beyond Basics	March	March
Employer Webinar	March	March
Webinar Wednesday - 9:00am. Retired Minds Want to Know	April	April
Webinar Wednesday - 9:00am Approaching Retirement	May	May
New Webinar Series - Tax Efficient Retirement Income	June	June
Webinar Wednesday - 9:00am Approaching Retirement; Beyond Basics	June	June
Webinar Wednesday - 9:00am. Retired Minds Want to Know	July	July
New Webinar Series - Medicare Planning	August	August
9:00am Retired Minds Want to Know	August	August
11:30am Retired Minds Want to Know	August	August
9:00am Approaching Retirement	August	August
11:30am Approaching Retirement	August	August
9:00am Approaching Retirement; Beyond Basics	September	September
11:30am Approaching Retirement; Beyond Basics	September	September
9:00am Asset Allocation & Managing Risk	September	September
11:30am Asset Allocation & Managing Risk	September	September
9:00am Retired Minds Want to Know	September	September
11:30am Retired Minds Want to Know	September	September
NRSM - 9:00am Approaching Retirement	October	October
NRSM - 11:30am Approaching Retirement	October	October
NRSM - 9:00am Approaching Retirement Beyond the Basics	October	October
NRSM - 11:30am Approaching Retirement Beyond the Basics	October	October
NRSM - 9:00am Retired Minds Want to Know	October	October
NRSM - 11:30am Retired Minds Want to Know	October	October
NRSM - 9:00am Asset Allocation & Managing Risk	October	October
NRSM - 11:30am Asset Allocation & Managing Risk	October	October
New Webinar Series - Introduction to Social Security	November	November
9:00am Approaching Retirement; Beyond Basics	November	November

	Target Date	Completed Date
New Webinar Series - Tax Efficient Retirement Income	December	December
9:00am. Retired Minds Want to Know	December	December
Staff Training & Development		
National Sales Meeting for field staff	January	January
President's Day internal staff training meeting	February	February
Associate development plans	March	March
Good Friday internal staff training day	April	April
Juneteenth training/holiday	June	June
Firm element training	September	September
Field staff training meeting #2	November	November
iDrive development	Monthly	Monthly
Small group training	Monthly	Monthly
Field staff conference calls	Monthly	Monthly
Service Center team huddle	Every other Tues.	Every other Tues.
Field representative team huddle	Every Tuesday	Every Tuesday
Miscellaneous		
Annual fraud awareness/training	April	April
Call center disaster recovery exercise	August	August
Semi-annual marketing audit	June/December	Rebranding
Training manual/videos updated online	Monthly	Monthly

MEMORANDUM

To: Board of Trustees

From: Paul D. Miller, Interim Executive Director

Date: January 16, 2024

Subject: Service Efforts Report 2023

Executive Summary

This Service Efforts Report summarizes current and historical data and is presented to the Board as a review of Ohio DC's activities in 2023. The following information represents a summary of the service efforts by Nationwide and the Board staff during 2023. Nationwide is responsible for enrollment, education, and customer service. The Board staff is responsible for daily recordkeeping functions, including investing payroll contributions, paying benefits, website functionality and maintenance, communications, compiling quarterly and annual statements, and overall plan administration.

The information below generally shows the current year's activity compared to the prior three years to identify short-term trends. It has been a volatile market ride over the past few years including market gains (S&P 500) of 29 percent in 2021, market losses of 18 percent in 2022, and then market gains of 26 percent in 2023. Add in the lingering effects from the COVID-19 pandemic, and we have plenty of explanations for variances in our data.

During this period, "hybrid work from home" schedules remain the norm for many participants and employers (including Ohio DC and Nationwide), which resulted in ongoing challenges to communicate the benefits of deferred compensation to Ohio's public employees. Despite these challenges, our volume of service activities has increased over this period.

Nationwide Results

A five-year service contract with Nationwide was effective on July 1, 2014. Two subsequent contract amendments have extended the contract term through June 30, 2024. Because of COVID-19's impact on the Nationwide service model, the incentive compensation component in their contract was merged into base compensation for 2021 and the remaining term of the contract. The new incentive compensation arrangement removes explicit financial incentives, but staff continues to monitor these service goals. Nationwide service results compared to the discontinued financial goals are as follows:

1. Nationwide held 7,909 combined in-person and virtual work-site visits during 2023, which exceeds the old contract goal of 7,500 annual visits. Pre-COVID-19, these visits were almost entirely work-site visits, but now about one-third are virtual events.

2. All three Service Center call statistics (average speed answered, abandoned call rate, and busy signals) were met during every month of 2023, with the one exception being the average speed of answer exceeding its target in November.

3. An outside consulting firm completed participant satisfaction surveys during two survey periods in 2023. The survey results show that Nationwide met the established standards of 85% satisfied for both the Service Center and meetings with Account Representatives in both survey periods. Our second standard is to have less than 5% dissatisfied. While meetings with Account Representatives had low dissatisfaction (below the standard), the Service Center survey scores were 7.1% and 5.8% dissatisfied for the two periods. These higher than expected scores came about when the survey question methodology was changed. The scoring is trending down towards the standard, and we will continue to monitor the results.

4. The Nationwide contract previously contained a goal for increasing the number of participant accounts, which encourages both new enrollments and retention of existing accounts. Nationwide increased participant accounts by 9,409 in 2023 and 8,634 in 2022. Our previous incentive paid Nationwide for the first 7,000 accounts added annually.

5. Another previous goal was to increase the number of participants enrolled in the SMarT Plan. Nationwide enrolled 16,166 participants into the SMarT plan in 2023 and 13,957 in 2022. Our previous incentive paid Nationwide for the first 7,000 SMarT enrollment added annually.

There are several contractual performance standards regarding telephone service, meetings with Account Executives and Retirement Planning Specialists, participant enrollment/retention, and disaster recovery. Nationwide met these contract performance standards in 2023, and there were no compensation reductions.

During the past year, Nationwide experienced turnover in several positions, which resulted in adjustments to their compensation. In addition, the amended contract allows Nationwide the flexibility to staff the Service Center based on their current needs and not a contractual agreement for specific positions. This arrangement allows Nationwide to hire staff up to the contract maximum budget. Staffing below the contract maximum leads to reductions in compensation paid to Nationwide. Nationwide's compensation was reduced by $205,600, $218,900, and $449,900 for vacant positions in 2023, 2022, and 2021 respectively.

The Board has approved the framework of a two-year contract extension that would extend Nationwide's services until June 30, 2026. The details of the contract extension are still being documented at this time, but the extension will be in place by the current contract termination date of June 30, 2024.

Contribution Activity

Historically, new enrollments generally trended with the stock markets, but with some time lag. The U.S. stock market experienced double-digit positive performance in 2019, 2020, 2021, and 2023, while 2022 had a double-digit loss. These general “up trends” have helped our enrollment results. In addition, 2023 was the first full year of auto enrolling newly hired employees of the State of Ohio, which resulted in 3,309 enrollments. New enrollments over the past four years were:

	2020	2021	2022	2023
New Enrollments	13,280	15,970	17,805	20,169

The number of actively contributing participants at year-end have generally risen year-to-year since the 2008 financial crisis. Despite the record high level of new enrollments in 2023, the number of actively contributing participants is only modestly higher than prior years due to the continued retirement of the baby boomer generation. The number of actively contributing participants at year-end for the past four years were:

	2020	2021	2022	2023
Number Actively Contributing	124,380	125,610	125,400	129,800

The SMarT Plan is an automatic annual increase feature that encourages participants to build a better retirement savings balance. Since Ohio DC added the SMarT option to our EZ enrollment form and online enrollment process, we have seen significant SMarT enrollment gains. At the end of 2023, over 49 percent of actively contributing participants are enrolled in SMarT.

	2020	2021	2022	2023
Number enrolled in SMarT	47,890	52,530	56,890	63,790

We continue to see some increases in new enrollments, the number of contributing employees, and the number of participants increasing their contributions through SMarT. These positive trends helped encourage participants to contribute 2.8 percent more during 2023 than in 2022. The annual amounts contributed over the past four years were:

	2020	2021	2022	2023
Annual Contributions	$552,547,000	$578,271,000	$600,975,000	$614,665,000

The IRS can change the maximum annual contribution limits based on inflation statistics. The limits for the past four years are shown below:

	2020	2021	2022	2023
Regular Annual Limit	$19,500	$19,500	$20,500	$22,500
Age 50+ Annual Limit	26,000	26,000	27,000	30,000
Catch-Up Annual Limit	39,000	39,000	41,000	45,000

The regular annual contribution limit increases by $500 increments based on inflation, which resulted in increased limits in 2020, 2022, and 2023. Higher inflation in 2023 resulted in continued increases to the annual limits in 2024 ($23,000, $30,500, and $46,000, respectively).

Rollovers Out

Annual rollover out activity has trended with the up-and down-market cycles over the years. These transactions have often followed the market, because financial planners use high market performance to attract participants from Ohio DC. In addition, our current crediting rate on our stable value option is low compared to competing money market or CD rates, which has hurt our retention of some terminated participants' assets. We saw a decrease in rollovers during 2022, probably due to account balances being lower because of negative market performance that year. However, the stock market rebound in 2023 certainly reversed the trend again, and we saw record numbers and dollars rolled out. Rollover out results for the past four years were:

	2020	2021	2022	2023
Amount	$323,284,000	$519,311,000	$468,112,000	$662,309,000
Number	2,900	3,980	3,900	4,980

Rollovers In

Generally, rollover-in volume had trended slightly up over time. When we had notable events, such as pension reform or market corrections/surges, rollover-in volume has varied more (up and down). While the number of rollover-in transactions has been trending down, rollover-in amounts in 2021 increased 35.8 percent compared to 2020 due to larger than average rollovers. With the down markets in 2022, we saw a 24 percent decrease in the amounts rolled in. With the markets back up in 2023, we would have expected a bounce back in volume, but that did not materialize. Rollover-in results for the past four years were:

	2020	2021	2022	2023
Amount	$97,816,000	$132,865,000	$101,526,000	$81,725,000
Number	1,940	1,830	1,620	1,400

In-Service Transfers Out

In-service transfers out allow public employees to move their account balances between alternative 457 plans offered by their employer prior to termination. Although there are more providers competing for these participant accounts now, the number of these transactions has generally been relatively flat over the past few years. If there is a trend, participants may be moving more often when the market is up, and staying put when the market is down. The total dollar and number of in-service transfers out of Ohio DC for the past four years were:

	2020	2021	2022	2023
Amount	$16,530,000	$23,924,000	$17,394,000	$22,928,000
Number	270	250	200	380

In-Service Transfers In

In-service transfers in also allow our participants to move between alternative 457 plans offered by their employer prior to termination. Over the longer term, there has not been a lot of this activity (only averaging about three to five transactions per month). The volume of this transaction type continues to be relatively low compared to other transaction types, and it has often increased when the stock markets are up. The total dollar amounts and number of in-service transfers into Ohio DC for the past four years were:

	2020	2021	2022	2023
Amount	$2,851,000	$4,408,570	$2,845,000	$4,199,000
Number	60	50	40	50

Purchase of Service Credit

Participants can use funds in their deferred compensation accounts to purchase service credit (time) from the Ohio pension plans. Since the Ohio pension reforms in 2012, purchase of service credit activity has averaged around $8 million per year, and the general trend is a slow decrease in the number of these transactions annually. The results for the past four years were:

	2020	2021	2022	2023
Amount	$7,828,000	$9,543,000	$6,700,000	$7,931,000
Number	420	360	300	280

Withdrawals

Participants have flexibility in electing a withdrawal option after termination and flexibility in changing their withdrawal option as often as needed thereafter. The number of participants starting to withdraw, and the dollar amount of their withdrawals, have generally trended upward slowly over the years.

During 2020, Congress enacted federal legislation that waived the requirements for participants to take Required Minimum Distributions (RMDs). Accordingly, the number and dollar amount of withdrawals dropped in 2020. Since then, there has been a steady rise in withdrawals.

Additionally, federal legislation allowed temporary additional latitude for in-service withdrawals, which Ohio DC administered through our Unforeseeable Emergency (UE) policy. UE withdrawals peaked at $56.6 million in 2020 before dropping to $25.5 million in 2021 and $10 million in 2022. New federal legislation allowed self-certification of UE withdrawals, which was implemented in mid-2023. This additional flexibility may have affected total UE withdrawals increasing to $13.3 million in 2023.

The withdrawal results for the past four years were:

	2020	2021	2022	2023
Amount	$370,832,000	$492,870,000	$491,496,000	$512,684,000
Number	29,000	47,950	48,350	49,160
Participants starting payout	6,600	12,400	12,450	10,600

Investment Exchanges

Of our total 269,900 participant accounts, only 12,800 made exchanges between investment options during 2023, which represents only about 5 percent of our total population (vs. 6 percent making exchanges in 2022). This means that about 95 percent of our participants did not rebalance or otherwise adjust their investment allocations during the past year.

Because an increasing number of our participants use our LifePath target-date funds (now 19.1 percent of all assets), which automatically rebalance, we expect continued low exchange levels in the future. Our exchange counts do not include default exchanges, which are required when an investment option is closed or transferred to a lower-cost share class.

Overall exchange volume was low across our participant base and the annual total number of exchange transactions continues to trend down dramatically. The total number of participant-initiated investment exchange transactions in each of the past four years were:

	2020	2021	2022	2023
Number of exchanges	41,100	30,200	23,000	20,250

Although the markets have generally returned positive results prior to 2022, our participants continue to move out of the stock market options and into the safety of the Stable Value Option (SVO) on a net annual basis. Higher balances from these market gains, aging baby boomers, and increased daily market volatility have encouraged a more conservative investment strategy for our older participants. The political and market volatility of 2020, as well as COVID-19, encouraged a spike of exchanges into the SVO during 2020. Some calming of those factors lowered the amount exchanged into the SVO during 2021, but increased market volatility and market losses in 2022 pushed higher exchanges into SVO again. With high market gains in 2023, our net annual exchange activity was a net flow out of SVO to our other options, which is the first time this happened since 2017. The net annual amounts of investment exchanges into or (out of) the SVO were:

	2020	2021	2022	2023
Net exchange in(out) of SVO	$529,537,000	$63,293,000	$355,662,000	($13,138,000)