November 8, 2023

Timothy Steitz
Steve Toth

Dear Timothy/Steve,

I have some information I feel obligated to share with you. My sister (Jane Fumich, retired City of Cleveland) and myself (retired Cuyahoga County) are on the verge of transferring out of your Deferred Compensation Program. Our combined assets in Deferred Comp. are over 1 million dollars. We have worked hard and through Deferred Comp.; done well. Thank you very much.

Why transfer our funds to a self directed IRA? As retirees we have had much of our money in the stable value option. When banks were paying below one percent on IRAs, CDs, Money Market accounts etc. the 2% offered by Deferred Comp. was the place to be. In the current investing environment the stable value option is not competitive and wholly inadequate.

I realize I am asking "what have you done for me lately?" I am also asking are new Money Market or CD based offerings in the works? It is our concern that we pull out and then you offer a more competative rate on the stable value option. Over the last year our combined million could have earned 5% $50,000 vs. the 2% $20,000 at Deferred Comp. We cannot afford to lose money for sentimental reasons and may be motivated to move on.

I have to think we are not the only ones with these concerns and you are working on something for us. Could you please advise me on upcoming offerings or will we be making changes in the new year.

Sincerely,

John A. Fumich
11820 Hervie Dr.
Chesterland, Ohio 44026
440-729-6562

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OHIO Deferred Compensation

November 17, 2023

John A. Fumich
11820 Hervie Dr
Chesterland OH 44026

Dear John Fumich:

We greatly appreciate you and your sister's decision to invest in your future through Ohio Deferred Compensation. We are committed to great customer service and helping our participants save more for their retirement, so we wanted to use this as an opportunity to further explain how the Stable Value Option (SVO) is structured.

The SVO seeks to provide principal preservation and a competitive level of interest income compared with short-term bonds without the same volatility, by investing in a diversified portfolio of stable value contracts and a variety of fixed-income instruments. The SVO may be an attractive investment opportunity for a portion of your retirement assets because historically it has:

- Provided stable asset growth with minimal volatility.
- Managed to outperform short-term investments like money market funds over the long run.
- Not required assets to be invested for a specified period, making it a fully liquid investment.
- Only been available within a retirement plan like Ohio DC and has not been available as an investment option in IRA accounts.

Changes to the SVO crediting rate generally respond slower or "lag" the overall changes in interest rates. Until more SVO investments mature and are reinvested at current interest rates, the SVO rate generally reflects older investment rates. That is why the SVO crediting rate may lag and earn less than yields on comparable fixed-income investments for some periods.

This lag has generally benefited the SVO crediting rate for the past 25 years as overall interest rates have mostly trended down. However, since March of 2022 when the Federal Reserve introduced numerous rate increases, the lag prevented the SVO crediting rate from moving up as quickly as money market rates. Once the Federal Reserve begins to reverse the rate hike cycle, we anticipate a reversion to a normal sloping yield curve, where stable value can provide additional yield associated with its ability in invest in longer-dated bonds (compared to money market funds).

Ohio DC promotes long-term investments strategies and diversification, since some investment categories may be out of favor for a while, but we believe all our investment options eventually should provide value over the long term. At this time, we are not planning on offering any additional fixed-income investment offerings in the near future.

Thank you for expressing your concerns. Your letter and this reply have been shared with our Board.

Sincerely,

Paul D. Miller
Interim Executive Director