



OHIO DEFERRED COMPENSATION

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2020 PAFR

**2020 Popular Annual Financial Report
For the fiscal year ended December 31, 2020
Ohio Public Employees Deferred Compensation Program**

Christina Elliott
Executive Director

Ohio457.org

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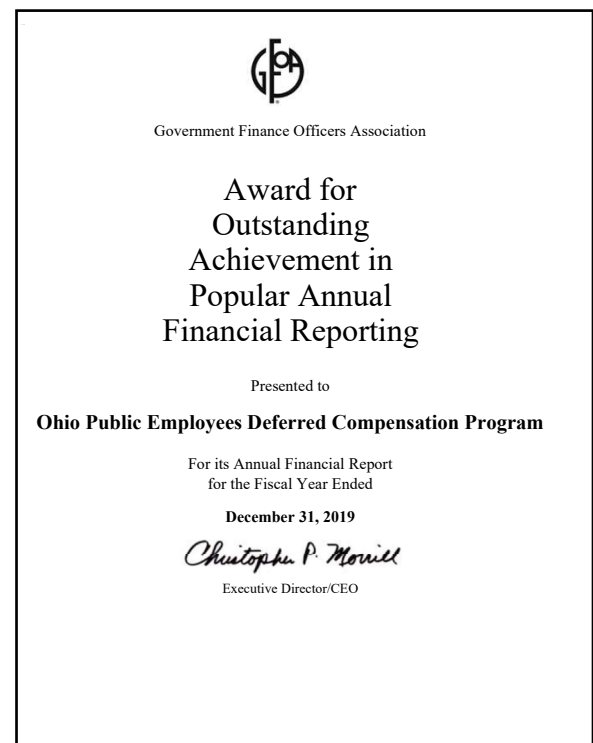
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GFOA AWARD FOR OUTSTANDING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Ohio Deferred Compensation for its Popular Annual Financial Report for the fiscal year ended December 31, 2019. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

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



Dear Ohio Deferred Compensation Participants,

It is with great pleasure that the Ohio Public Employees Deferred Compensation (Ohio DC) Board of Trustees, and staff, present this 2020 Popular Annual Financial Report (PAFR). The PAFR is an easy-to-read summary of the [Annual Comprehensive Financial Report](#) (Annual Report) for the year ended December 31, 2020. Ohio DC is one of the largest 457 plans in the U.S., with more than 249,000 participant accounts from 1,998 State and local government employers. This PAFR has been prepared to assist you in understanding Ohio DC's program and how we help participants in supplementing their retirement income.

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

Despite volatility early in the year, the U.S. stock markets were up 18 percent in 2020, as tracked by the S&P 500 index. The market has achieved positive performance in 9 of the last 10 years. Despite uncertainty raised by the COVID-19 pandemic, the long positive market trend gave many participants the confidence to maintain or increase payroll contributions, and encouraged other public employees to enroll.

Ohio DC achieved these all-time highs in 2020:

- 1,998 contributing employers
- 249,060 participant accounts, including 1,084 Roth accounts
- 124,380 actively contributing participants
- \$549.9 million total annual contributions

Despite continuing to hit significant milestones, the Program faced several challenges during 2020. In March 2020, the Program suspended in-person worksite visits and ended in-person appointments in our Columbus service center as a result of the COVID-19 pandemic. As a result, increased call and email volume placed new demands on the service center. Additionally, in March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which waived Required Minimum Distributions for 2020 and added distribution and loan flexibility. Ohio DC reviewed the legislation and implemented a new self-certification process for Unforeseeable Emergency distributions to make the process similarly simple and flexible for participants.

Uncertainty and disruptions caused by the COVID-19 pandemic continue to play a key role in the day to day lives of our participants as well as in the operations of Ohio DC. Ohio DC has adapted and must continue to respond to changes such as the accelerated use of technology in participant interaction and in day-to-day operations.



Major Initiatives in 2020 and Beyond

Planning and programming for enhanced functionality for both the participant web portal and recordkeeping system continued during 2020, including the following projects completed during the year:

- Online Beneficiary Updates
- Expanded Corrections Functionality
- Online SMarT Plan Enrollment and Updates
- Optimized Withdrawal Entry Functionality
- Roth Option Recordkeeping Functionality
- Online Roth Option Enrollment
- eDelivery of Transaction Confirmations and Tax Documents

Additional functionality of the participant web portal and the recordkeeping system will continue throughout 2021 and 2022 and include:

- Electronic Transfers-In Processing
- Online Withdrawals
- Other changes to streamline internal processes and eliminate paperwork

At the onset of the COVID-19 pandemic in March 2020, Ohio DC took significant steps to modify its operations to allow the majority of staff to work from home on a daily basis. This included a complete review of Ohio DC's operational model and the setup of appropriate IT infrastructure. Additionally, Ohio DC launched a full review of its disaster preparedness plan, which is expected to be completed during 2021.

During 2020, Ohio DC conducted a Request for Proposal process to identify a vendor to provide significant new financial wellness services to the participants of Ohio DC. iGrad, a San Diego-based financial technology company founded in 2009, was selected as the vendor to provide these services. A full launch of the new financial wellness program is expected to be completed during 2021.



We had an amazing year of growth in 2020. We increased our Plan Assets by \$2.8 billion, which is the largest single year-over-year growth in dollars in Ohio DC's history. With our strong reserve balance, we are well positioned to take our participant service model to the next level in new and innovative ways for years to come.

Kindest regards,
Christina Elliott

A handwritten signature in grey ink, appearing to read 'CElliott'.

Executive Director

OUR OBJECTIVES

HELPING YOU

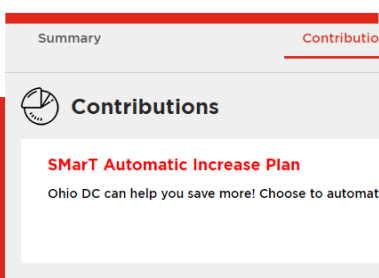
| SAVE FOR RETIREMENT

IT'S WHAT WE ARE HERE FOR

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



WE MAKE THINGS SIMPLE



ONLINE SMART PLAN ENROLLMENT



NEVER COMPROMISE ON QUALITY



DEDICATED STAFF



PREPARE FOR RETIREMENT



RETIREMENT PLANNING SPECIALISTS



OUR MISSION

Guiding our participants along the path to retirement

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



OUR VALUES

INTEGRITY AND ETHICS

FIDUCIARY ACCOUNTABILITY

PROFESSIONALISM

INNOVATION

EFFICIENCY

OUR GOALS

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

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

Provide suitable, diverse, cost-effective investment options.

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

Develop and implement prudent practices to effectively govern and administer the Plan.



ASSETS AND LIABILITIES

We can help you save more

The below statement shows the various plan assets and liabilities for the years ended December 31, 2020 and 2019. The plan net position represents the funds accumulated thus far to pay retirement income benefits to participants. Ohio

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

ASSETS:	2020	2019	\$ CHANGE	% CHANGE
INVESTMENTS	\$18,043,832,414	\$15,374,867,124	\$2,668,965,290	17.4%
CASH AND CASH EQUIVALENTS	16,706,392	15,083,492	1,622,900	10.8%
CONTRIBUTIONS RECEIVABLE AND CASH HELD FOR INVESTMENT	13,369,751	8,614,902	4,754,849	55.2%
OTHER ASSETS	14,093,169	13,577,017	516,152	3.8%
TOTAL ASSETS AND DEFERRED OUTFLOWS	18,088,001,726	15,412,142,535	2,675,859,191	17.4%
LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	6,417,019	7,091,685	(674,666)	-9.5%
NET PENSION/OPEB LIABILITY	4,408,640	4,470,834	(62,194)	-1.4%
TOTAL LIABILITIES AND DEFERRED INFLOWS	10,825,659	11,562,519	(736,860)	-6.4%
PLAN NET POSITION AVAILABLE FOR BENEFITS	\$18,077,176,067	\$15,400,580,016	\$2,676,596,051	17.4%



ADDITIONS:	2020	2019	\$ CHANGE	% CHANGE
NET INVESTMENT INCOME	\$2,769,516,049	\$2,393,354,401	\$376,161,648	15.7%
PARTICIPANT CONTRIBUTIONS	549,917,095	518,057,583	31,859,512	6.1%
TRANSFERS FROM OTHER PLANS	103,711,983	128,798,848	-25,086,865	-19.5%
OTHER ADDITIONS	990,763	1,090,565	-99,802	-9.2%
TOTAL ADDITIONS	3,424,135,890	3,041,301,397	382,834,493	12.6%

DEDUCTIONS:

BENEFIT DISTRIBUTIONS	373,282,249	405,849,183	-32,566,934	-8.0%
TRANSFERS TO OTHER PLANS	361,564,004	359,326,759	2,237,245	0.6%
ADMINISTRATIVE EXPENSES	12,693,586	12,687,276	6,310	0.0%
TOTAL DEDUCTIONS	747,539,839	777,863,218	-30,323,379	-3.9%
NET INCREASE	2,676,596,051	2,263,438,179	413,157,872	18.3%
PLAN NET POSITION, BEGINNING OF YEAR	15,400,580,016	13,137,141,837	2,263,438,179	17.2%
PLAN NET POSITION, END OF YEAR	\$18,077,176,067	\$15,400,580,016	\$2,676,596,051	17.4%

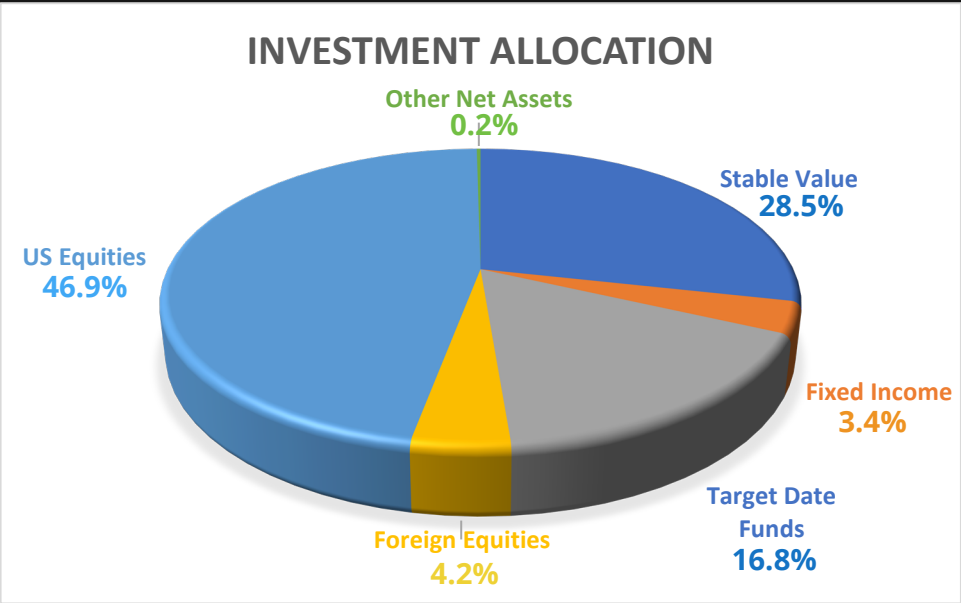
INCOME AND EXPENSES

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

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



INVESTMENTS - SUMMARY



ASSET CLASS	ALLOCATIONS
STABLE VALUE	\$5,146,432,191
FIXED INCOME	\$616,739,581
TARGET DATE FUNDS	\$3,043,208,332
FOREIGN EQUITIES	\$ 765,560,994
US EQUITIES	\$8,464,223,116
OTHER ASSETS	\$41,011,853
TOTAL ASSETS	\$18,077,176,067

ALLOCATION SUMMARY

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

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

PARTICIPANT INVESTMENTS

Ohio DC is a self-directed plan, so participants choose the investment options for their current contributions and balances. The Board has adopted

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

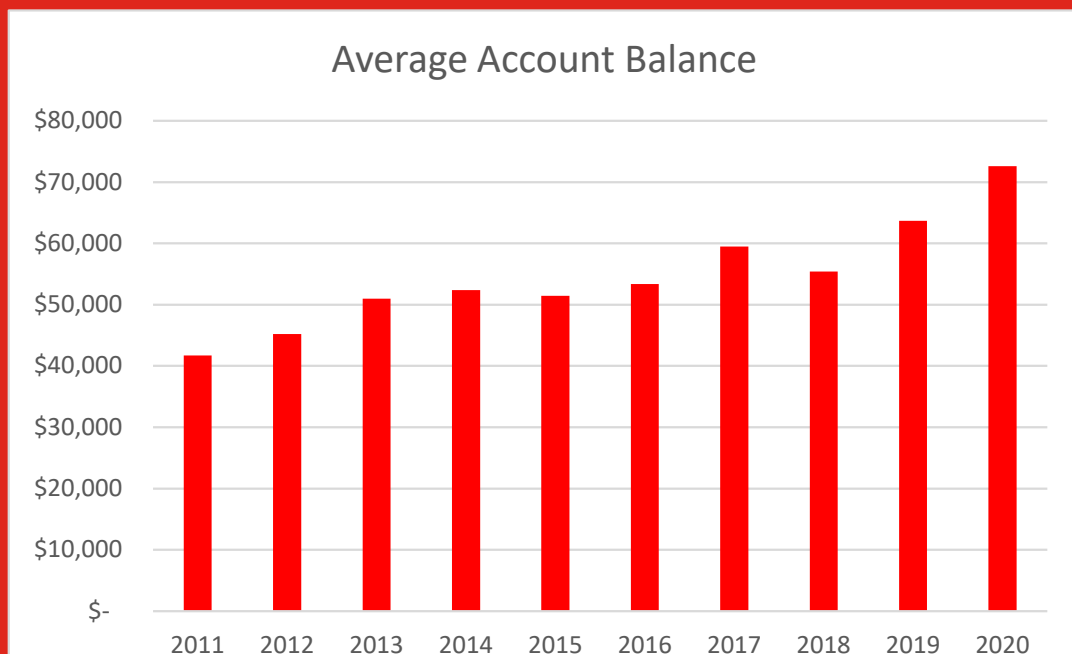


OHIO DEFERRED COMPENSATION

In facts and numbers

AVERAGE PARTICIPANT ACCOUNT

2011	\$41,695
2012	\$45,197
2013	\$50,962
2014	\$52,382
2015	\$51,445
2016	\$53,362
2017	\$59,480
2018	\$55,408
2019	\$63,665
2020	\$72,582



ACCOUNT BALANCES

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

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

ALL-TIME HIGHS IN 2020

\$549.9 MILLION



TOTAL ANNUAL
CONTRIBUTIONS

1,998



CONTRIBUTING
EMPLOYERS

249,060



PARTICIPANT
ACCOUNTS

124,380



ACTIVELY
CONTRIBUTING
PARTICIPANTS

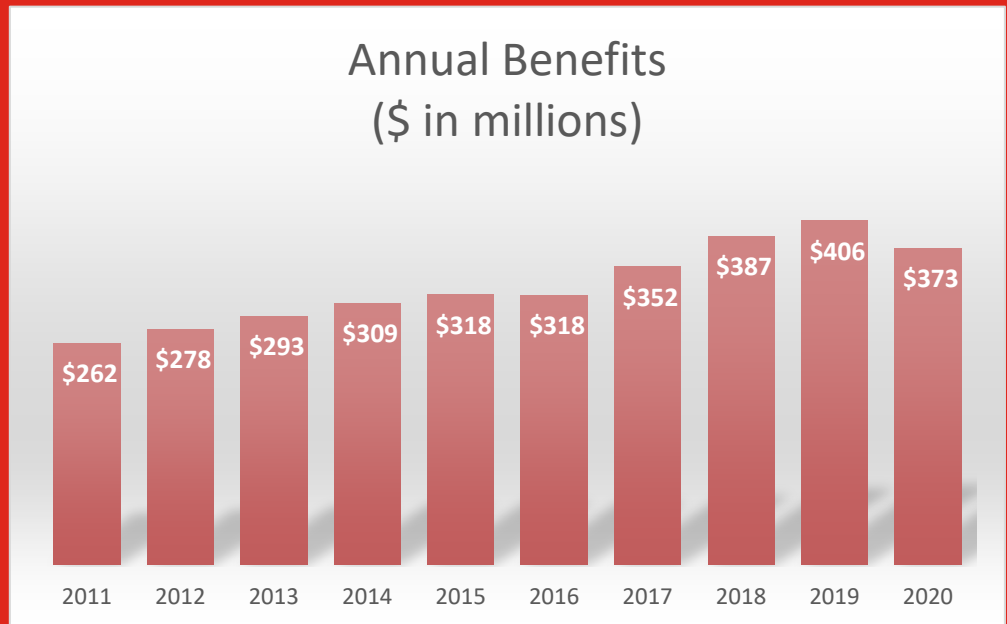


OHIO DEFERRED COMPENSATION

In facts and numbers

TOTAL DISTRIBUTIONS

2011	\$262 MILLION
2012	\$278 MILLION
2013	\$293 MILLION
2014	\$309 MILLION
2015	\$318 MILLION
2016	\$318 MILLION
2017	\$352 MILLION
2018	\$387 MILLION
2019	\$406 MILLION
2020	\$373 MILLION



OVERALL PARTICIPANT DISTRIBUTIONS

Ohio DC provided 28,989 participants with distributions in 2020, down from 50,344 in 2019, with the significant decrease due to the suspension of Required Minimum Distributions (RMDs).. The average annual

distribution in 2020 equaled \$12,894. In 2020 Ohio DC distributed over \$373 million in benefits to participants to provide to them additional retirement income and a more secure, comfortable retirement.

ANALYSIS OF INCOME AND CONTRIBUTIONS

\$18.1 BILLION



PLAN NET POSITION
AVAILABLE FOR
BENEFITS

\$2.8 BILLION



NET INVESTMENT
GAINS

42%



PARTICIPANTS
TAKING
DISTRIBUTIONS

6.1%



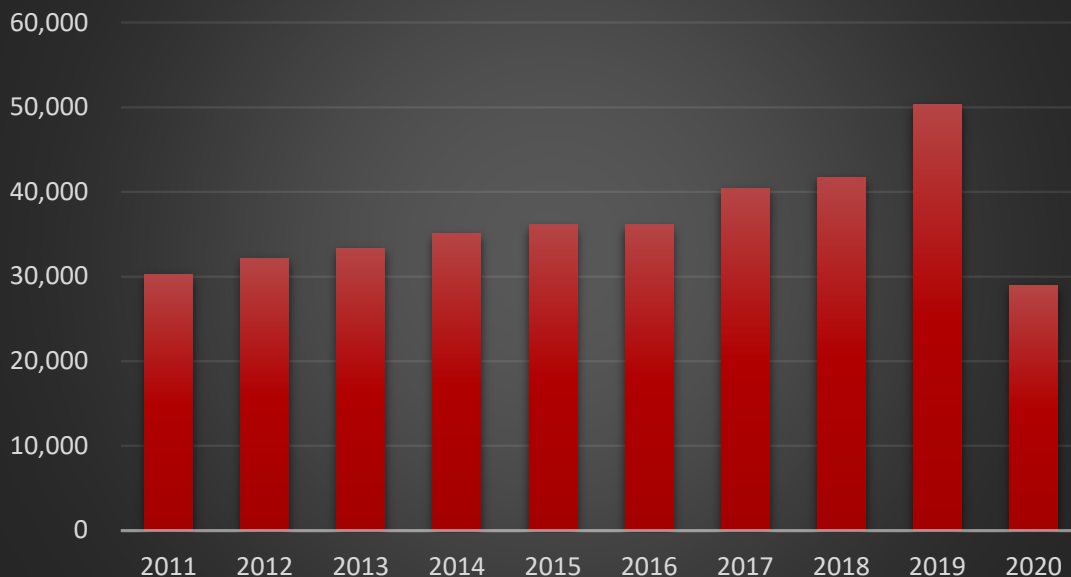
INCREASED PARTICIPANT
CONTRIBUTIONS OVER
2019



OHIO DEFERRED COMPENSATION

In facts and numbers

Total Distributions



DISTRIBUTION RECIPIENTS PER YEAR

2011	30,249
2012	32,106
2013	33,359
2014	35,132
2015	36,101
2016	36,111
2017	40,421
2018	41,715
2019	50,344
2020	28,949

OVERALL TOTAL DISTRIBUTIONS

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

taking distributions (larger numbers of baby boomers retiring). Deductions seemed to level off for several years beginning in 2013, but increased in 2017 2018 and 2019 and decreased significantly in 2020, due to the COVID-19 pandemic, more specifically the suspension of RMDs.

OHIO DC INVESTMENT LINEUP CHANGES IN 2020

Changes were made to the Ohio DC investment lineup during 2020. On September 11, 2020, all existing balances and future contributions were moved from Vanguard Small-Cap Index to a new investment option - Vanguard Extended Market

Index. Additionally, on September 11, 2020, all existing balances and future contributions were moved from Templeton Foreign and Vanguard International Growth to a new investment option - Ohio DC International Stock.



RECOGNITION



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR FISCAL YEAR 2019 FROM THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA)

Ohio Deferred Compensation's Annual Comprehensive Financial Report for the year ended 2020, from which the information on pages 3-12 has been drawn, was awarded the Certificate of Achievement for Excellence in Financial Reporting by Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

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

I ABOUT THIS PAFR

This Popular Annual Financial Report (PAFR) is derived from information contained in the Ohio Deferred Compensation (Ohio DC) Annual Comprehensive Financial Report for the year ended December 31, 2020, but does not contain detailed financial information by plan, nor is it presented in a manner to conform to Generally Accepted Accounting Principles (GAAP). For a complete set of financial definitions included in this summary report please refer to the [Ohio DC Annual Report](#), which is prepared in conformity with GAAP and may be obtained by visiting our website at Ohio457.org or by contacting Ohio DC to request a copy.



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