



PAFR 2021

**2021 Popular Annual Financial Report
For the fiscal year ended December 31, 2021
Ohio Public Employees Deferred Compensation Program**

Christina Elliott
Executive Director

257 East Town Street, Suite 400
Columbus, OH 43215
Phone: 614.466.7245
Ohio457.org



**OHIO DEFERRED
COMPENSATION**

TABLE OF CONTENTS

EXECUTIVE DIRECTOR'S LETTER.....	3
OUR OBJECTIVES	5
OUR MISSION, VALUES AND GOALS	6
ASSETS AND LIABILITIES	7
ADDITIONS AND DEDUCTIONS	8
SUMMARY OF PLAN ASSETS	9
FACTS AND NUMBERS.....	10
RECOGNITION.....	13
CONTACT INFORMATION	14

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 (Ohio DC) for its Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2020. 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 DC has received a Popular Award for the last four 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.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Ohio Public Employees Deferred Compensation Program
(Ohio DC)**

For its Annual Financial Report
for the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO



To Our Ohio Deferred Compensation Participants:

It is with great pleasure that the Ohio Public Employees Deferred Compensation Board of Trustees and staff, present this 2021 Popular Annual Financial Report. The PAFR is an easy-to-read summary of the [Annual Comprehensive Financial Report](#) (Annual Report) for the year ended December 31, 2021. Ohio DC is one of the largest 457 plans in the U.S. with 254,740 participant accounts from 2,022 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 statutory 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 success depends on the amount of contributions and the overall direction of the financial markets.

The U.S. stock markets were up 28.7 percent in 2021, as tracked by the S&P 500 index, the third highest calendar year return since 2000. The market has achieved positive performance in 9 of the last 10 years. The continued positive market trend encouraged public employees to enroll and gave participants the confidence to maintain or increase their payroll contributions.

Ohio DC achieved these all-time highs in 2021:

- 2,022 contributing employers
- 254,740 participant accounts, including 3,610 Roth accounts
- 125,610 actively contributing participants
- \$582.1 million total annual contributions

Payments of Required Minimum Distributions resumed in 2021, after being waived in 2020. Additionally, Ohio DC continued to utilize a self-certification process for COVID-related Unforeseeable Emergency distributions through June 2021. These policies contributed to record total distributions of \$495.7 million. In addition as more baby boomers reach retirement age, this large group of participants now has access to their Ohio DC savings. Accordingly, the annual amounts distributed to participants and transferred to other retirement plans has risen dramatically over the past ten years.

During 2021, Ohio DC adjusted to the new normal of the COVID-19 pandemic era and its continued effect. On-site visits to participating employers resumed in 2021, but were significantly below pre-pandemic levels. Labor shortages and evolving participant service needs impacted staffing levels in the Ohio DC Service Center. Despite these challenges, surveys indicate that participants continue to be satisfied with Ohio DC service levels.



Major Initiatives in 2021 and Beyond

During 2021, Senate Bill 27 was enacted and allows all new state of Ohio employees to be automatically enrolled into Ohio DC. The new initiative will be launched in mid-2022.

Planning and programming for enhanced functionality for both the participant web portal and recordkeeping system continued during 2021, including the following projects completed during the year:

- Converted Ohio DC assets to a new master custodian structure at Bank of New York Mellon
- Launched a new financial wellness program
- Provided participants with the ability to view withdrawal elections online
- Enhanced withdrawal processing capabilities
- Implemented a new electronic transfers-in processing system

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

- Online withdrawal request functionality
- Integration of a new document management system
- IT infrastructure upgrades
- Other changes to streamline internal processes and eliminate paperwork

Ohio DC continues to respond to changes post-pandemic such as the accelerated use of technology in participant interactions and in day-to-day operations.

We had an amazing year of growth in 2021. We increased our Plan Assets by \$2.2 billion. 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,

A handwritten signature in black ink that reads "CElliott".

Christina Elliott
Executive Director

OUR OBJECTIVES

HELPING YOU

| SAVE FOR RETIREMENT

IT IS 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.



PROVIDE EDUCATION



FINANCIAL WELLNESS PROGRAM



DELIVER QUALITY SERVICE



DEDICATED STAFF



PREPARE FOR RETIREMENT



RETIREMENT PLANNING SPECIALISTS



OUR MISSION

Guiding our participants along the path to retirement income security.

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

The below statement shows the various plan assets and liabilities for the years ended December 31, 2021 and 2020. 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 participating employers for the exclusive benefit of participants and their beneficiaries with the goal of providing them with retirement income security.

ASSETS:	2021	2020	\$ CHANGE	% CHANGE
INVESTMENTS	\$20,201,471,918	\$18,043,832,414	\$2,157,639,504	12.0%
CASH AND CASH EQUIVALENTS	15,306,139	16,706,392	(1,400,253)	(8.4%)
CONTRIBUTIONS RECEIVABLE AND CASH HELD FOR INVESTMENT	8,399,419	13,369,751	(4,970,332)	(37.2%)
OTHER ASSETS AND DEFERRED OUTFLOWS	<u>15,235,811</u>	<u>14,093,169</u>	<u>1,142,642</u>	8.1%
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>20,240,413,287</u>	<u>18,088,001,726</u>	<u>2,152,411,561</u>	11.9%
LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	2,659,514	6,417,019	(3,757,505)	58.6%
OTHER LIABILITIES AND DEFERRED INFLOWS	<u>3,032,963</u>	<u>4,408,640</u>	<u>(1,375,677)</u>	(31.2%)
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>5,692,477</u>	<u>10,825,659</u>	<u>(5,133,182)</u>	(47.4%)
PLAN NET POSITION AVAILABLE FOR BENEFITS	<u>\$20,234,720,810</u>	<u>\$18,077,176,067</u>	<u>\$2,157,544,743</u>	11.9%



ADDITIONS AND DEDUCTIONS

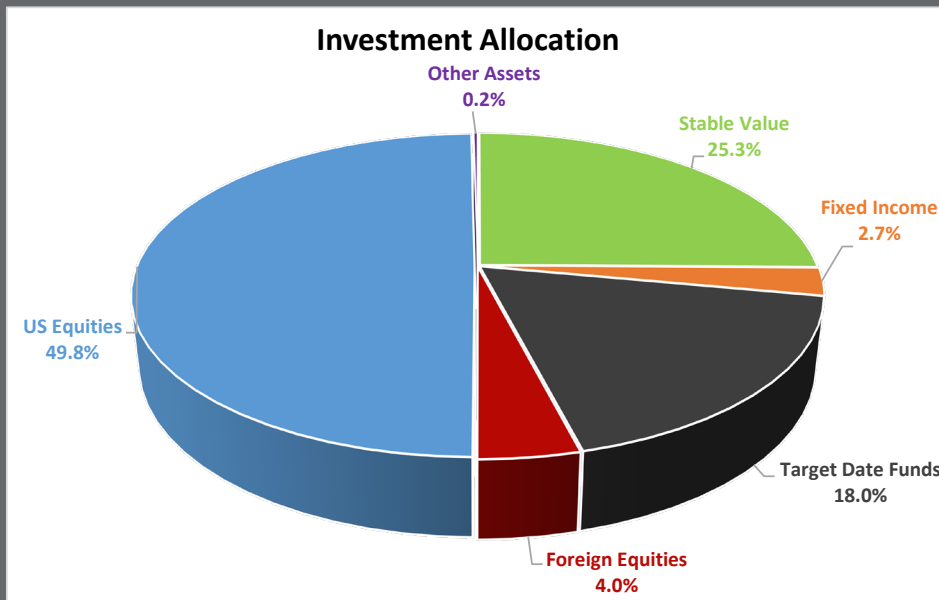
ADDITIONS:	2021	2020	\$ CHANGE	% CHANGE
NET INVESTMENT INCOME (LOSS)	\$2,496,193,268	\$2,769,516,049	\$(273,322,781)	(9.9%)
PARTICIPANT CONTRIBUTIONS	582,061,454	549,917,095	32,144,359	5.8%
TRANSFERS FROM OTHER PLANS	137,519,233	103,711,983	33,807,250	32.6%
OTHER ADDITIONS	<u>1,325,396</u>	<u>990,763</u>	<u>334,633</u>	33.8%
TOTAL ADDITIONS	<u>3,217,099,351</u>	<u>3,424,135,890</u>	<u>(207,036,539)</u>	(6.0%)

DEDUCTIONS:				
BENEFIT DISTRIBUTIONS	495,667,695	373,282,249	122,385,446	32.8%
TRANSFERS TO OTHER PLANS	553,151,565	361,564,004	191,587,561	53.0%
ADMINISTRATIVE EXPENSES	<u>10,735,348</u>	<u>12,693,586</u>	<u>(1,958,238)</u>	(15.4%)
TOTAL DEDUCTIONS	<u>1,059,554,608</u>	<u>747,539,839</u>	<u>312,014,769</u>	41.7%
NET INCREASE (DECREASE)	2,157,544,743	2,676,596,051	(519,051,308)	(19.4%)
PLAN NET POSITION, BEGINNING OF YEAR	<u>18,077,176,067</u>	<u>15,400,580,016</u>	<u>2,676,596,051</u>	17.4%
PLAN NET POSITION, END OF YEAR	<u><u>\$20,234,720,810</u></u>	<u><u>\$18,077,176,067</u></u>	<u><u>\$2,157,544,743</u></u>	11.9%

The above statement shows the annual additions and deductions 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 operate Ohio DC. A net increase represents more assets were accumulated in the current year to pay more retirement income benefits.



SUMMARY OF PLAN ASSETS



ASSET CLASS	ALLOCATION
STABLE VALUE	\$5,101,207,088
FIXED INCOME	\$553,073,076
TARGET DATE FUNDS	\$3,651,806,951
FOREIGN EQUITIES	\$818,438,577
US EQUITIES	\$10,066,169,096
OTHER ASSETS	\$44,026,022
TOTAL ASSETS	\$20,234,720,810

INVESTMENT 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 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.

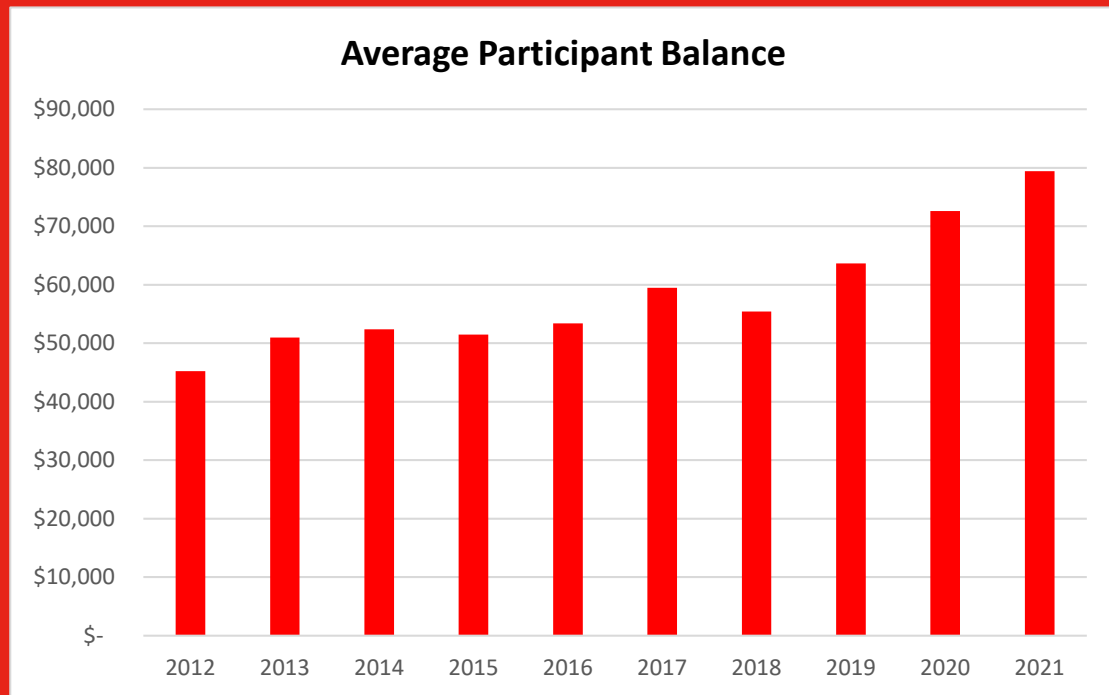


OHIO DEFERRED COMPENSATION

In facts and numbers

AVERAGE PARTICIPANT BALANCE

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
2021	\$79,433



PARTICIPANT 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 they can withdraw per month in retirement, based on their savings.

ALL-TIME HIGHS IN 2021

\$582.1M



TOTAL ANNUAL CONTRIBUTIONS

2,022



CONTRIBUTING EMPLOYERS

254,740



PARTICIPANT ACCOUNTS

125,610



ACTIVELY CONTRIBUTING PARTICIPANTS

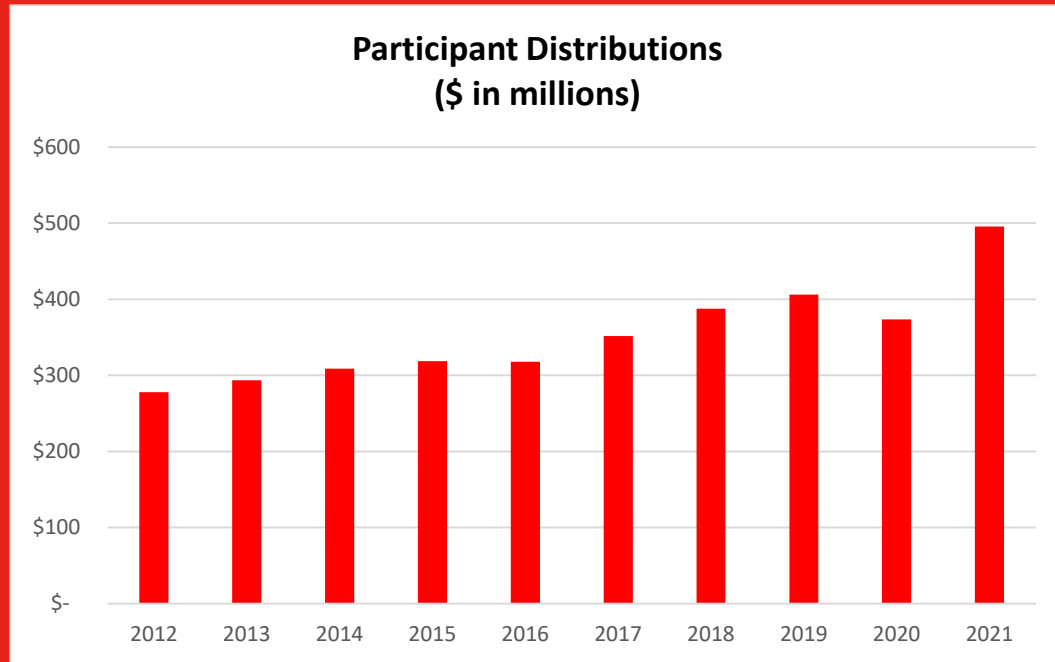


OHIO DEFERRED COMPENSATION

In facts and numbers

PARTICIPANT DISTRIBUTIONS

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
2021 \$496 MILLION



PARTICIPANT BENEFIT DISTRIBUTIONS

Ohio DC provided 47,921 participants with distributions in 2021, up from 28,989 in 2020, with the significant increase due to the resumption of Required Minimum Distributions (RMDs). The average annual distribution in 2021 equaled \$10,343. In 2021, Ohio DC distributed over \$496 million in benefits to participants to provide to them additional retirement income and a more secure, comfortable retirement.

ANALYSIS OF INCOME AND CONTRIBUTIONS

\$20.2B



PLAN NET POSITION
AVAILABLE FOR
BENEFITS

\$2.5B



NET INVESTMENT
GAINS

32.6%



TRANSFERS FROM
OTHER PLANS

5.8%

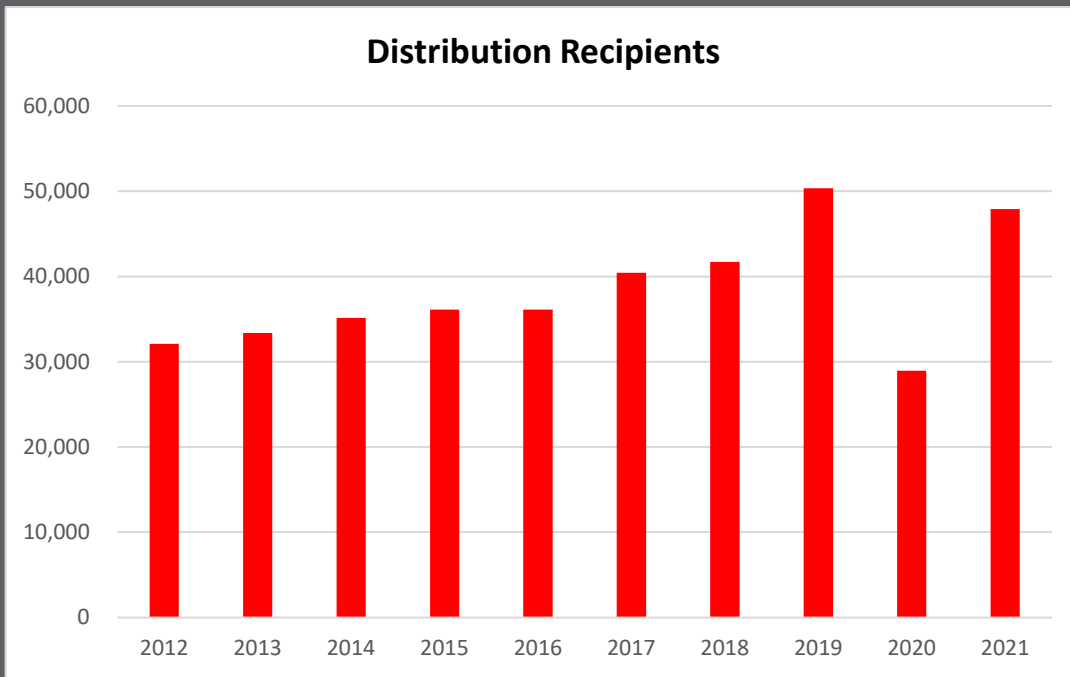


PARTICIPANT
CONTRIBUTIONS



OHIO DEFERRED COMPENSATION

In facts and numbers



DISTRIBUTION RECIPIENTS

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
2021	47,921

DISTRIBUTION RECIPIENTS

The graph above shows the 10-year history of the total number of participant and beneficiary accounts receiving distributions. The general trend over this period has been a steady increase in distributions, which was driven by an ever increasing number of participant retirements (baby boomers). Distributions have generally increased since 2012, but decreased significantly in 2020, due to the suspension of RMDs. Distributions in 2021 rebounded due to the resumption of RMDs, though they remained slightly below 2019 levels.



RECOGNITION



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR FISCAL YEAR 2020 FROM THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA)

Ohio DC's 2021 Annual Comprehensive Financial Report, is the source for the information on pages 3-12. Ohio DC's 2020 Annual Comprehensive Financial Report was awarded the Certificate of Achievement for Excellence in Financial Reporting by 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.

ABOUT THIS PAFR

This PAFR is derived from information contained in the Ohio DC Annual Comprehensive Financial Report for the year ended December 31, 2021, 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.



PHONE

SERVICE CENTER:
877-644-6457



MAIL

OHIO DEFERRED
COMPENSATION
257 E TOWN STREET,
SUITE 457
COLUMBUS, OHIO 43215



WEBSITE

[OHIO457.ORG](#)



EMAIL

[OHIO457@
NATIONWIDE.COM](mailto:OHIO457@NATIONWIDE.COM)



LINKEDIN

[LINKEDIN.COM/
COMPANY/
OHIO-DEFERRED-
COMPENSATION/MY
COMPANY](#)

