



Popular Annual Financial Report

For the fiscal year ended December 31, 2022

Ohio Public Employees Deferred Compensation Program

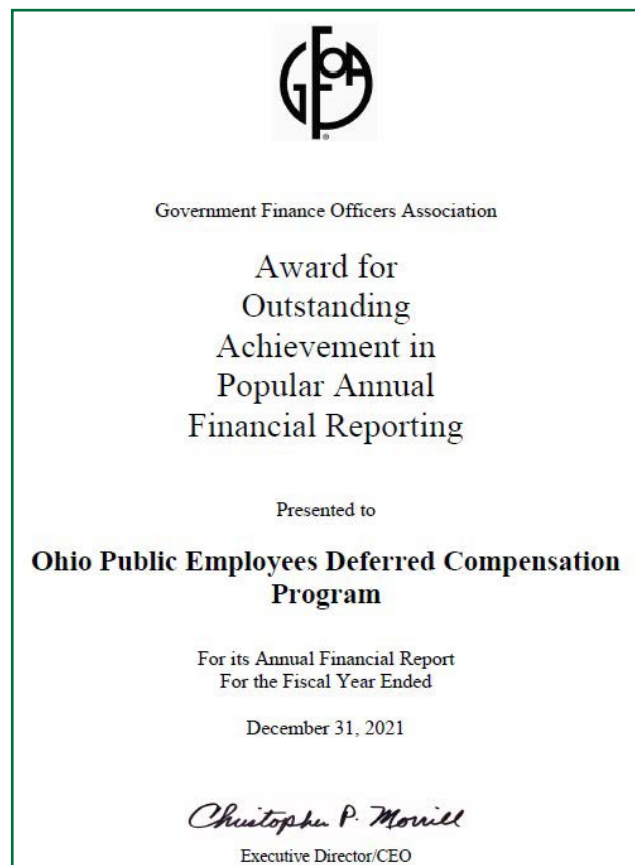
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GFOA AWARD FOR OUTSTANDING ACHIEVEMENT

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 (Ohio DC) for its Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2021. 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 five 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.



LETTER TO OUR PARTICIPANTS

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 2022 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, 2022. Ohio DC is one of the largest 457 plans in the U.S. with 261,753 participant accounts from 2,042 State and local government employers. This PAFR has been prepared to assist you in understanding Ohio DC and how we help participants to supplement 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 their contributions and the overall direction of the financial markets.

During 2022, the U.S. stock markets were down 18.1 percent, as tracked by the S&P 500 index. This decrease came after double-digit market increases of 31.5 percent, 18.4 percent, and 28.7 percent in 2019, 2020, and 2021, respectively. Normal market cycles contain these types of highs and lows, and Ohio DC communications in 2022 encouraged our participants to identify their risk tolerance and maintain a long-term investment perspective in the face of one year's poor performance.

Despite the poor market performance, Ohio DC achieved these all-time highs in 2022:

- 2,042 contributing employers
- 261,753 participant accounts, including 7,223 Roth accounts
- \$601.1 million in total annual contributions

As a mature plan approaching our 50th anniversary, annual cash inflows (payroll contributions plus transfers from other plans) into Ohio DC are now exceeded by annual cash outflows (benefit distributions plus transfers to other plans) out of Ohio DC. Therefore, continued growth in overall plan assets is dependent on earning positive investment performance.

Over the years, Ohio DC has focused on the important factors to successfully save for retirement – starting early, regularly increasing the contribution amount, and diversifying the investment portfolio. As the plan matures with our participants, a new goal is to provide education to participants on how to strategically withdraw their account balances including: strategically using pre-tax and after-tax accounts, coordinating withdrawals across all retirement and savings accounts, and making their account balances last.



LETTER TO OUR PARTICIPANTS

MAJOR INITIATIVES IN 2022 AND BEYOND

During 2021, Ohio Senate Bill 27 was enacted that allowed Ohio DC to automatically enroll newly hired state of Ohio employees. After the appropriate systems were built, the new initiative was launched in July 2022, and after a 90-day opt out period, the first automatic enrollments occurred in October 2022. Initial results are promising with only about 15% of new employees opting out of automatic enrollment.

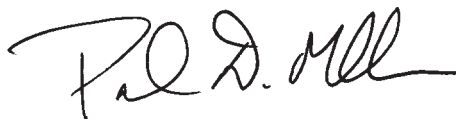
Several changes to the Ohio DC investment lineup were completed in December 2022. These changes included:

- Investments in four passive investment mutual funds managed by Vanguard were moved to State Street collective investment trust funds. The investment strategies are essentially identical, but ongoing investment management fees paid by participants were lowered.
- Investments in the Dodge & Cox Stock fund that included a recordkeeping reimbursement were moved to a new share class without this feature. Using the new share class will make fund performance and fees more transparent to participants.
- Six existing white label funds that were previously named for an asset class were renamed to better identify their investment strategy to participants. For example, the Ohio DC Large-Cap Growth fund became the US Large Growth Company Stock fund.

SECURE Act 2.0 was signed into federal law in December 2022, which contained many provisions applicable to governmental defined contribution plans and retirement plan administrators like Ohio DC. Implementing these plan changes will take staff time and resources to update our systems over the next few years.

Despite the drop in plan assets during 2022, Ohio DC served more employers and participants than ever before. With our strong reserve balance, we are well positioned to serve our participants in new and innovative ways for years to come.

Respectfully submitted,



Paul D. Miller
Director of Finance and
Interim Executive Director



OUR MISSION

Guiding our participants along the path to retirement income security.



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.








OUR OBJECTIVES

HELPING YOU

SAVE FOR RETIREMENT

IT IS WHAT WE ARE HERE FOR

Ohio DC 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. All assets of Ohio DC 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.

	2013	2022	Change
 Total Participant Accounts	206,968	261,753	26.5%
 Total Annual Contributions	\$430,050,916	\$601,094,646	39.8%
 Average Annual Contributions	\$4,063	\$4,793	18.0%
 Average Participant Account	\$50,962	\$64,409	26.4%
 Average Annual Distribution	\$8,795	\$10,218	16.2%



ASSETS AND LIABILITIES

The statement below shows the various plan assets and liabilities for the years ended December 31, 2022 and 2021. The plan net position represents the funds accumulated thus far to pay retirement income benefits to participants.

	2022	2021	\$ Change	% Change
Assets:				
Investments	\$16,824,105,789	\$20,201,471,918	\$(3,377,366,129)	(16.7)%
Cash and cash equivalents	16,746,321	15,306,139	1,440,182	9.4
Contributions receivable and cash held for investment	14,755,392	8,399,419	6,355,973	75.7
Other assets and deferred outflows	18,168,581	17,175,029 *	993,552	5.8
Total assets and deferred outflows	16,873,776,083	20,242,352,505	(3,368,576,422)	(16.6)
Liabilities:				
Accounts payable and accrued expenses	10,106,330	2,659,514	7,446,816	280.0
Lease liabilities	1,783,909	1,997,567 *	(213,658)	(10.7)
Other liabilities and deferred inflows	2,520,354	3,032,963	(512,609)	(16.9)
Total liabilities and deferred inflows	14,410,593	7,690,044	6,720,549	87.4
Plan net position available for benefits	\$16,859,365,490	\$20,234,662,461	\$(3,375,296,971)	(16.7)%

* 2021 Other assets and lease liabilities have been restated due to the implementation of GASB 87.



ADDITIONS AND DEDUCTIONS

The statement below 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. Generally, a net increase represents more assets were accumulated to pay more retirement income benefits.

	2022	2021	\$ Change	% Change
Additions:				
Net Investment Income (Loss)	\$(3,084,174,888)	\$2,496,193,268	\$(5,580,368,156)	(223.6)%
Participant Contributions	601,094,646	582,061,454	19,033,192	3.3
Transfers from other plans	104,965,825	137,519,233	(32,553,408)	(23.7)
Other additions	1,258,631	1,325,396	(66,765)	(5.0)
Total additions	(2,376,855,786)	3,217,099,351	(5,593,955,137)	(173.9)
Deductions:				
Benefit Distributions	494,069,158	495,667,695	(1,598,537)	(0.3)
Transfers to other plans	492,305,859	553,151,565	(60,845,706)	(11.0)
Administrative expenses	12,066,168	10,793,697*	1,272,471	11.8
Total deductions	998,441,185	1,059,612,957	(61,171,772)	(5.8)
Net increase (decrease)	(3,375,296,971)	2,157,486,394	(5,532,783,365)	(256.4)
Plan net position, beginning of year	20,234,662,461	18,077,176,067	2,157,486,394	11.9
Plan net position, end of year	\$16,859,365,490	\$20,234,662,461	\$(3,375,296,971)	(16.7)%

* 2021 Administrative expenses have been restated due to the implementation of GASB 87.

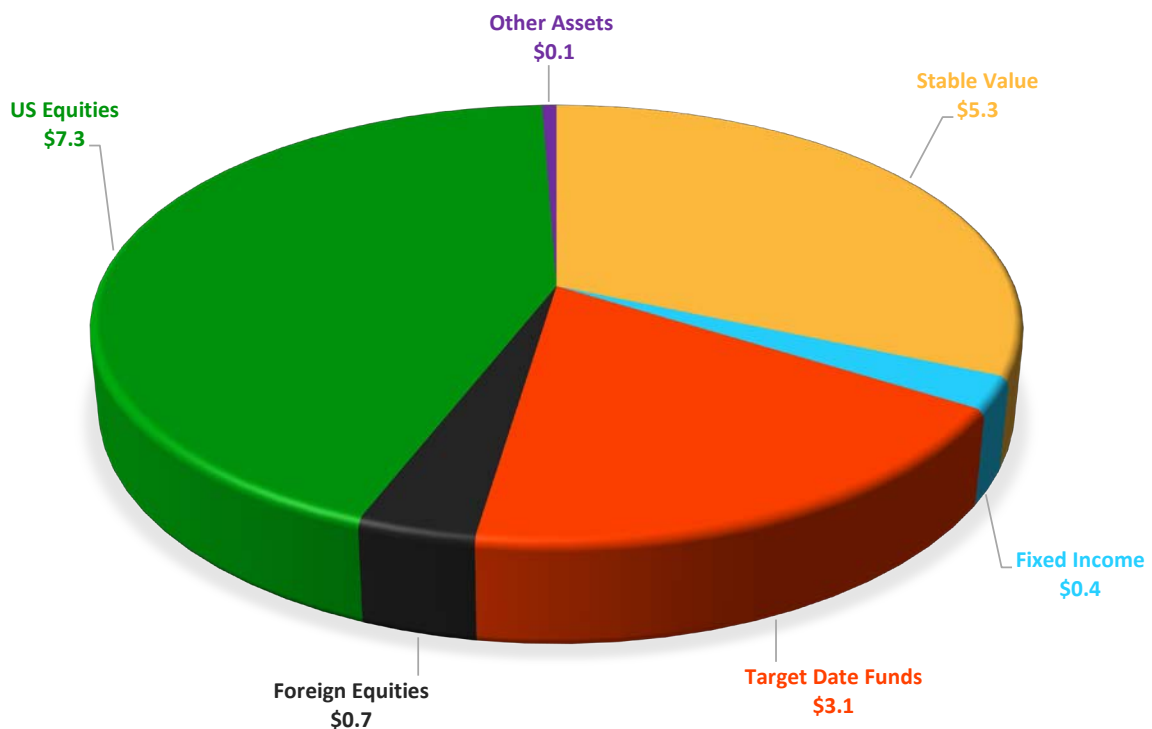


SUMMARY OF PLAN ASSETS

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 chart below, you can see the various asset classes that Ohio DC participants invest in as of December 31, 2022.

INVESTMENT ALLOCATION (\$ IN BILLIONS)



PARTICIPANT INVESTMENTS

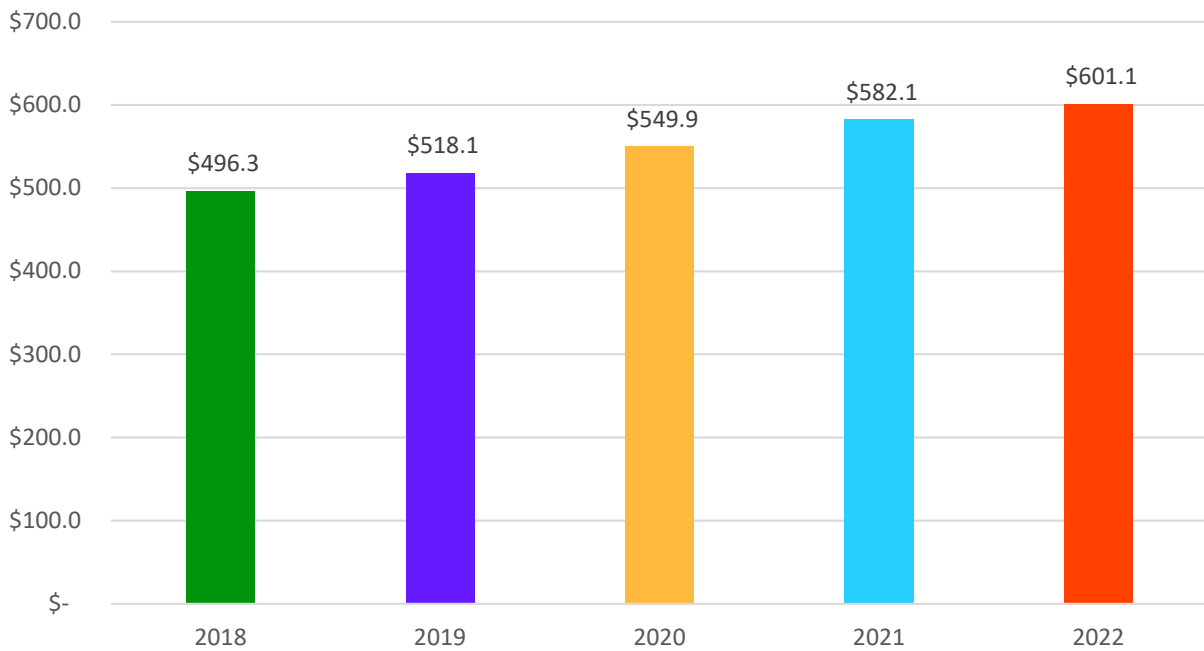
Ohio DC is a self-directed plan, so participants choose the investment options for their contributions and balances. The Board has adopted an investment policy to ensure that a suitable number of diverse investment options are offered and regularly monitored.



OHIO DEFERRED COMPENSATION

In facts and numbers

ANNUAL CONTRIBUTIONS (\$ IN MILLIONS)



PARTICIPANT CONTRIBUTIONS

Retirement needs are different for everyone. Higher account balances will result in higher retirement incomes for our participants. Ohio DC can help participants meet their goal for what they would like to accumulate for retirement. A small increase to contributions each year can make a big difference. Ohio DC offers the SMarT Plan that will automatically increase a participant's contributions annually by the amount they choose.

2,042



CONTRIBUTING
EMPLOYERS

125,401



ACTIVELY
CONTRIBUTING
PARTICIPANTS



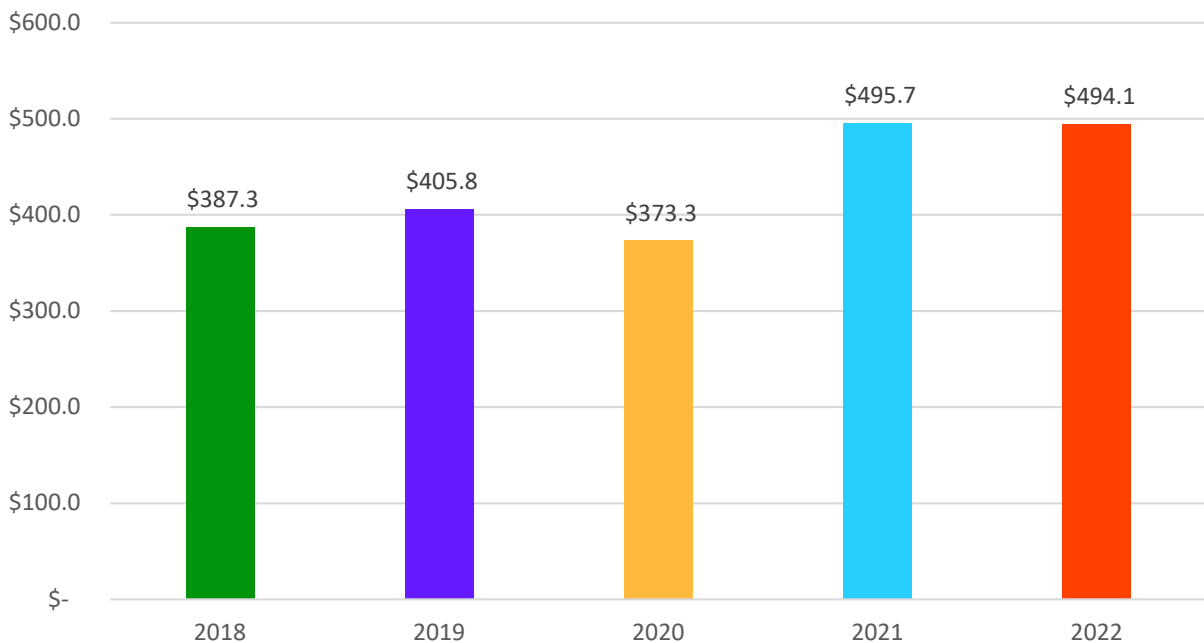
OHIO DEFERRED COMPENSATION

In facts and numbers

PARTICIPANT BENEFIT DISTRIBUTIONS

Ohio DC provided 48,353 participants with distributions in 2022, up from 47,921 in 2021. The average annual distribution in 2022 equaled \$10,218. In 2022, Ohio DC distributed over \$494 million in benefits to participants to provide them additional retirement income and a more secure, comfortable retirement.

ANNUAL DISTRIBUTIONS (\$ IN MILLIONS)

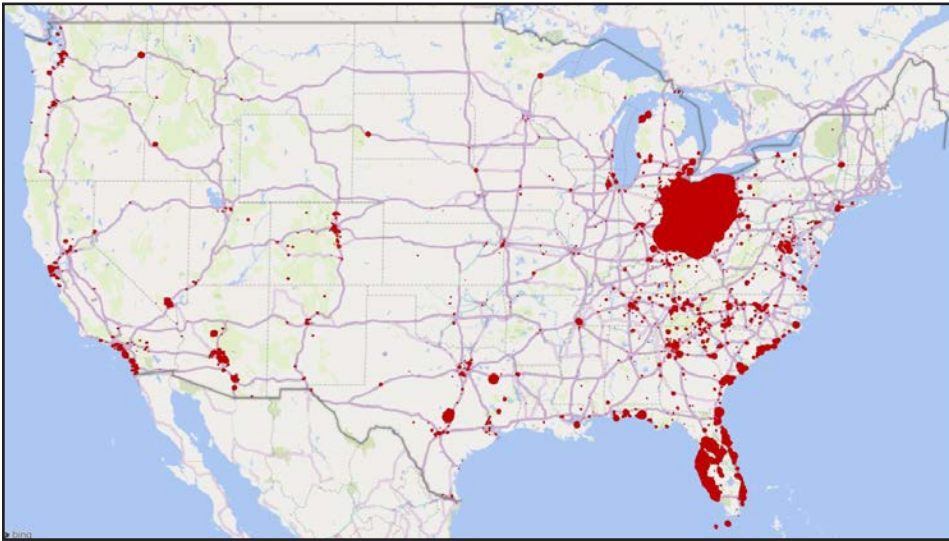


Ohio DC participants do not have to withdraw funds when they retire or leave employment. They can let their money continue to grow and enjoy the benefits of being a participant. If a participant is no longer working at age 72, they will need to take annual Required Minimum Distributions as defined by the IRS. Several payment options are available including full/partial lump sums or a systematic payment frequency. Pre-tax distributions are taxable income but there are no early withdrawal penalties. Qualified Roth distributions are not subject to income taxes.



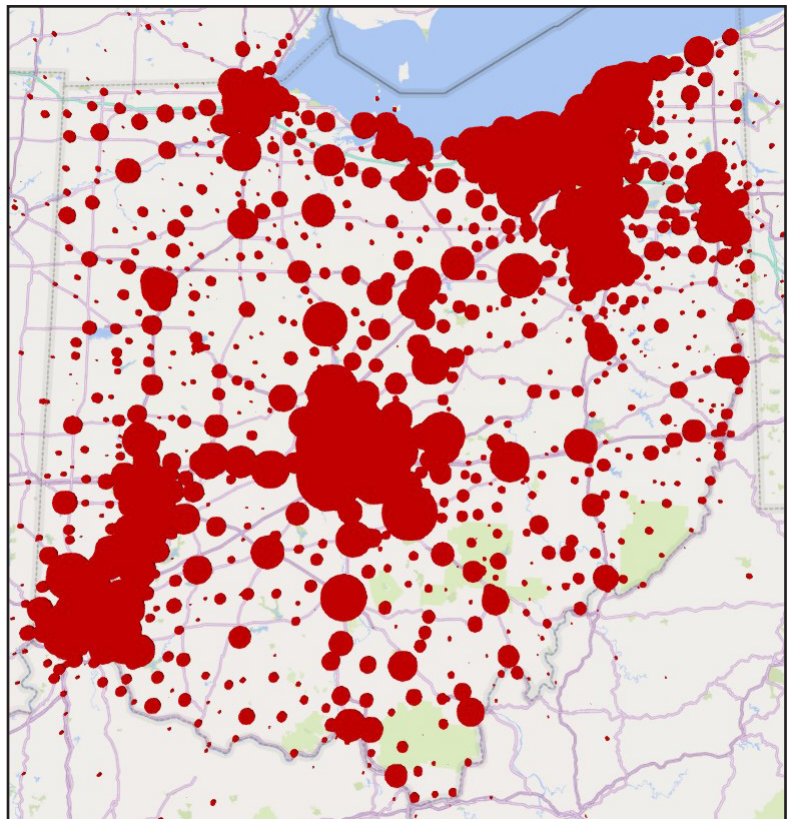
OHIO DEFERRED COMPENSATION

In facts and numbers



DISTRIBUTION
RECIPIENTS
ACROSS
THE U.S.

DISTRIBUTION
RECIPIENTS
IN OHIO



The maps above show the location of participant and beneficiary accounts receiving distributions. The general trend over the past ten years has been a steady increase in distributions, which was driven by an ever increasing number of participant retirements (baby boomers). Over \$434 million or 88% of all distributions remain in Ohio to support our participants and the Ohio economy.



RECOGNITION



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR FISCAL YEAR 2021 FROM THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA)

Ohio DC's 2022 Annual Comprehensive Financial Report, is the source for the information on pages 3-12. Ohio DC's 2021 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 2022 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.



CONTACT INFORMATION

ABOUT THIS PAFR

This PAFR is derived from information contained in the [Ohio DC Annual Comprehensive Financial Report](#) for the year ended December 31, 2022, 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.

WE ARE HERE TO HELP



Service Center: 877-644-6457



[Ohio457.org](#)



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Columbus, Ohio 43215-4626



In-person or virtual appointment
with a Retirement Planning Specialist



Financial Wellness

Log in using your Ohio DC online account

