

Choose Ohio DC for your employees



Ohio Deferred Compensation (Ohio DC) is a smart business choice for Ohio public employers and supports a strong employee benefit package. Ohio DC offers best-in-class service and satisfaction among employers and participants. Adopting Ohio DC in lieu of another employer-sponsored plan has several advantages for employers and employees, as illustrated in the chart and FAQs.

	Ohio DC	Employer-sponsored 457(b) and 403(b) plans
Employer Cost	\$0 - Free for employers	Cost of plan sponsorship—legal fees, administrative support, vendor contracts, fiduciary liability exposure and audit.
Employer Administration	One-stop in Ohio Business Gateway to reconcile bills and deposit contributions; employer only needs to certify final date of employment upon termination. Employees make all changes through Ohio DC, so employers are not burdened with individual change requests.	Multiple vendors may require various remittance methods and timelines; many vendors require the employer to authorize certain plan actions.
Longevity and Reliability	Ohio DC is the only supplemental retirement savings plan created by Ohio law. Ohio DC has been in operation since 1976 and will be here for the careers and retirements of your past, current and future employees.	Companies change hands or merge, or brokers change firms, making it hard for employees to find their retirement accounts at multiple vendors, much less get a return phone call.
Employer Risk Avoidance	Ohio DC is the Plan's fiduciary for participating employers to ensure compliance with IRS regulations, investment policy statement, and plan features. Ohio DC does not sell other products.	Employer is the plan fiduciary with liability for actions, including products sold outside of the plan. ¹ Service providers do not assume liability for employer's plan or actions.
Customer Service	Dedicated staff located in Ohio serving only one plan for Ohio public employers and employees, with consistent, class-leading satisfaction.	Service centers typically support multiple plans.
Investment Options	Professionally managed, custom designed by Ohio DC for diversification and high quality at low cost to participants, while remaining understandable for various levels of investment comfort.	Employer responsible for determining appropriate investment offerings or may rely on vendor; may be too complex for employees; source of potential fiduciary liability to employer. Vendors may sell other products not authorized by the employer.
Investment Fees	Leverages large plan assets to negotiate lowest fees; Ohio DC does not profit from investment fees, so they can remain low.	For-profit industry charges higher investment fees to recognize a profit; extended periods of higher fees erode retirement savings.
Administrative Fees	Accounts under \$5,000 pay no fees; larger accounts pay 0.0014, or 0.14% in annual fees, capped at \$55 per quarter.	All plans have investment fees and administrative costs, but they often describe them in creative terms; costs often built into higher investment fees.
Other Fees—loads, sales charges, surrender charges	\$0 - None	Each vendor and service provider may charge these additional fees to employees. Surrender charges force employees to stay with that vendor even if unsatisfied due to the high cost of transfers.
Portability	Accounts may remain in Ohio DC after termination of public employment. Contributions can continue under any Ohio public employer. Ohio law requires public employers to offer Ohio DC upon request of any employee. ²	Plan sponsorship is optional for supplemental savings.

Frequently Asked Questions

How is an employer's relationship with Ohio DC different than the other vendors in employer sponsored 457(b) plans?

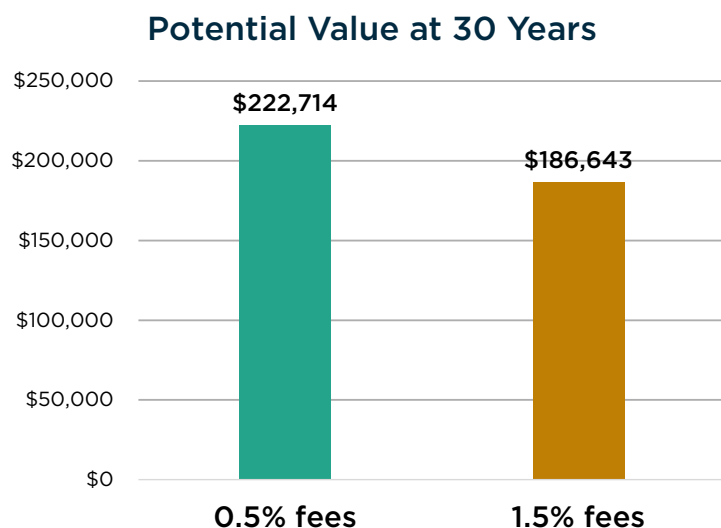
Ohio DC is a stand-alone 457(b) plan created in Ohio law for all Ohio public employers, not a vendor offering a 457(b) plan sponsored by an employer. Employers are responsible for their own plans, vendor relationship, and fees. Employers that adopt the Ohio DC plan can enjoy less administrative, legal and financial burdens.

Are fees really that important for the employer and employees?

Yes. Fees should be one of the most important considerations when administering a supplemental retirement savings plan for employees. Fees can be difficult for employees to understand, and employers must be prudent in the investment choices they offer to employees. Employers must act in the best interest of their employee plan participants, which means monitoring vendor fees and offering appropriate investment options.

For employees, high fees directly erode their retirement savings. Every plan requires some fees to operate, but they vary greatly by plan and vendor. Over the course of a career and retirement, fees alone can reduce an account balance by tens of thousands of dollars. Here is an illustration of how fees can impact an account balance over time:

Example: Assume that Employee A and B both contribute \$115 per bi-weekly pay during a 30-year career and earns an average return of 6%. Employee A pays fees of 0.5%; Employee B pays fees of 1.5%. At retirement Employee B's fees would reduce the account balance by \$36,071.



How do I know if my 457(b) vendors have high fees?

Review each vendor's investment prospectus. Note whether the vendor charges an administrative fee (flat dollar or percentage), as well as the investment fees and expenses for each product offered by the vendor. As a reminder, Ohio DC charges an administrative fee of 0.14%, capped at \$55 per quarter, and no fee on accounts under \$5,000. Ohio DC's investment fees are listed in the "Expense Ratio" column of the Investment Performance Report. They range from 0.01% to 0.64%.

My organization has several expensive vendors, can I discontinue using them or transition employees to Ohio DC?

Yes. Employers generally control their vendor agreements and can discontinue new contributions to a vendor(s) and educate employees on how to transfer accounts to lower cost vendors, including Ohio DC. Employers are not required to sponsor their own plans; they can also terminate a plan they sponsor and adopt Ohio DC as the sole 457(b) option. Ohio DC can accept transfers from other 457(b) vendors without any tax impact on participants. However, employees may be subject to surrender fees and other charges that vendors impose to dissuade participants from moving money away from their company. Employers should also determine if any bargaining agreements address 457(b) plan options. Changes to vendor agreements and plan terms are best accomplished with the assistance of counsel. You can find an Ohio employee benefits attorney by searching the Ohio State Bar Association's website (ohiobar.org).

Ultimately, a reliable and affordable supplemental retirement plan is good for employers because it reduces risk and supports recruiting and retaining long term employees. Ohio public employers are fortunate to have public pension systems for employees. Adopting the Ohio DC Plan as an affordable, high-quality partner can help employees close their retirement savings gap.

¹ <https://www.irs.gov/retirement-plans/retirement-plan-fiduciary-responsibilities>

² ORC 148.04(B). <https://codes.ohio.gov/ohio-revised-code/section-148.04>

The hypothetical example on the left is not intended to predict or project investment results of any specific investment. The calculation illustrates the principle of time and compounding. It assumes neither taxes on contributions or earnings, nor any account withdrawals, which would reduce the results shown. Investing involves market risk, including possible loss of principal.

This publication is intended for educational purposes only and is not investment or legal advice.

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