



Popular Annual Financial Report

For the fiscal year ended December 31, 2023

Ohio Public Employees Deferred Compensation Program



Deferred
Compensation

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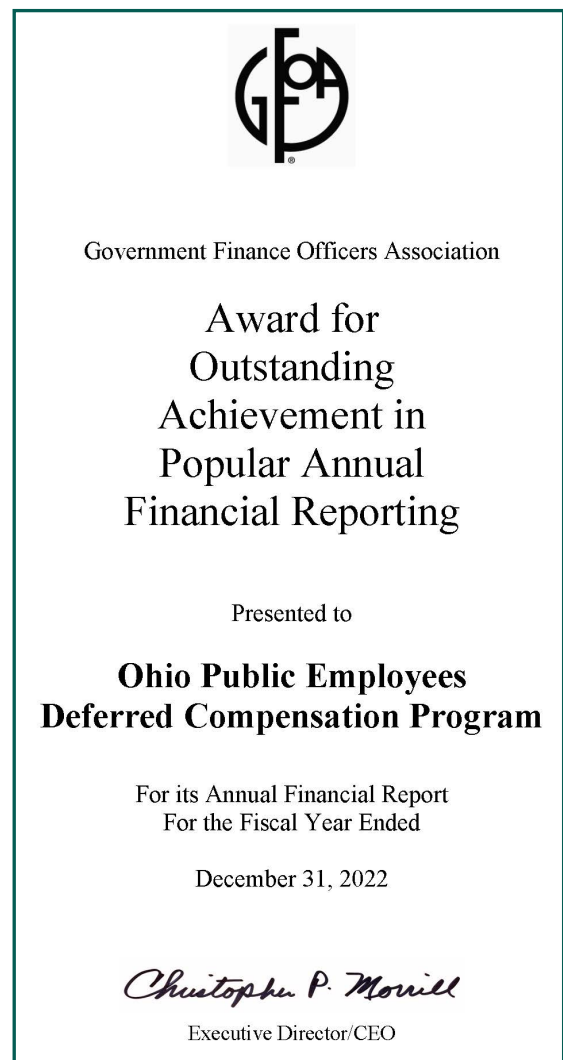
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GFOA AWARD FOR OUTSTANDING ACHIEVEMENT

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 the Ohio Public Employees Deferred Compensation Program (Ohio DC) for its Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2022. 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 six 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 DC Participants:

It is with great pleasure that the Ohio Public Employees Deferred Compensation Board of Trustees and staff present this 2023 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, 2023. Ohio DC is one of the largest 457 plans in the U.S. with 269,851 participant accounts from 2,061 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 2023, the U.S. stock markets experienced a 26.2 percent gain, as tracked by the S&P 500 index. This gain more than recouped the 18.1 percent loss in 2022. Gains in 2023 were comparable with the previous increases of 31.5 percent, 18.4 percent, and 28.7 percent in 2019, 2020, and 2021, respectively. The market has achieved positive performance in 8 of the last 10 years. The long positive market trend gave many participants the confidence to maintain or increase their payroll contributions, and it encouraged other public employees to enroll.

Ohio DC achieved these all-time highs in 2023:

- 2,061 contributing employers
- 269,851 participant accounts, including 10,582 Roth accounts
- \$615.4 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 2023 AND BEYOND

In 2023, Ohio DC underwent a brand refresh to adopt a modern and simplified approach. Our new logo nods to the State of Ohio flag and celebrates the uniqueness of our state. We believe our new brand reflects the evolving ways our participants consume information.

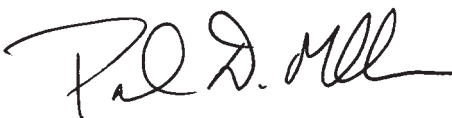
In December, 2023, Ohio DC transitioned from Fidelity Contrafund Commingled Pool and Fidelity Growth Company Commingled Pool Class O Shares to Class S Shares. Ohio DC participants invested in Fidelity options will save a cumulative \$1,585,000 annually in investment fees, while maintaining the same investment strategy.

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. These provisions have staggered effective dates, and while some are mandatory, others are optional. Some of the key provisions affecting Ohio DC include:

- The required minimum distribution age moved from age 72 to age 73 effective for persons who attain age 72 after December 31, 2022.
- The IRC 457 rule requiring that deferred compensation agreements be entered into before the first day of the month in which the compensation is available has been replaced with a rule that deferred compensation amounts may be changed at any time before the compensation is available.
- A new catch-up limit will become available in 2025 for participants aged 60, 61, 62, and 63.
- Beginning in 2026, catch-up contributions (for those age 50 or older) that are above the regular contribution limit must be made on a Roth (after-tax) basis unless the participant's prior year wages with the same employer do not exceed \$145,000 (indexed for inflation).

Implementing these plan changes will take staff time and resources to update systems and participant communications over the next several years.

Respectfully submitted,



Paul D. Miller
Director of Finance

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.

	2014	2023	10-Year Change
 Total Participant Accounts	211,055	269,851	27.9%
 Total Annual Contributions	\$426,998,670	\$615,366,054	44.1%
 Average Annual Contribution	\$3,959	\$4,741	19.8%
 Average Participant Account	\$52,382	\$71,908	37.3%
 Average Annual Distribution	\$8,786	\$10,483	19.3%

FINANCIAL SECTION

The statement below shows the various plan assets and liabilities for the years ended December 31, 2023 and 2022. The plan net position represents the funds accumulated thus far to pay retirement income benefits to participants. During 2023, there were fluctuations in Receivables and Payables, due to the last business day of the fiscal year being Friday, December 29th. Additionally, investments experienced a large increase due to rebounding market conditions of 2023.

	2023	2022	\$ Change	% Change
Assets:				
Investments	\$19,367,268,173	\$16,824,105,789	\$2,543,162,384	15.1%
Cash and cash equivalents	19,011,636	16,746,321	2,265,315	13.5
Contributions receivable and cash held for investment	17,250,780	14,755,392	2,495,388	16.9
Other assets and deferred outflows	19,190,578	18,168,581	1,021,997	5.6
Total assets and deferred outflows	19,422,721,167	16,873,776,083	2,548,945,084	15.1
Liabilities:				
Accounts payable and accrued expenses	13,643,407	10,106,330	3,537,077	35.0
Lease liabilities	1,557,073	1,783,909	(226,836)	(12.7)
Other liabilities and deferred inflows	3,105,019	2,520,354	584,665	23.2
Total liabilities and deferred inflows	18,305,499	14,410,593	3,894,906	27.0
Plan net position available for benefits	\$19,404,415,668	\$16,859,365,490	\$2,545,050,178	15.1%

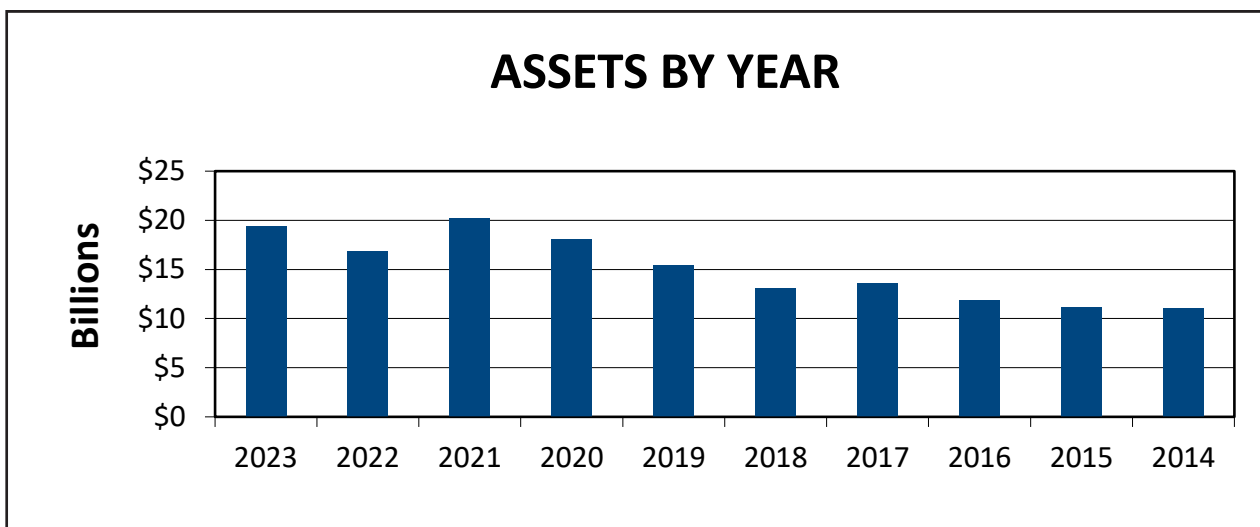
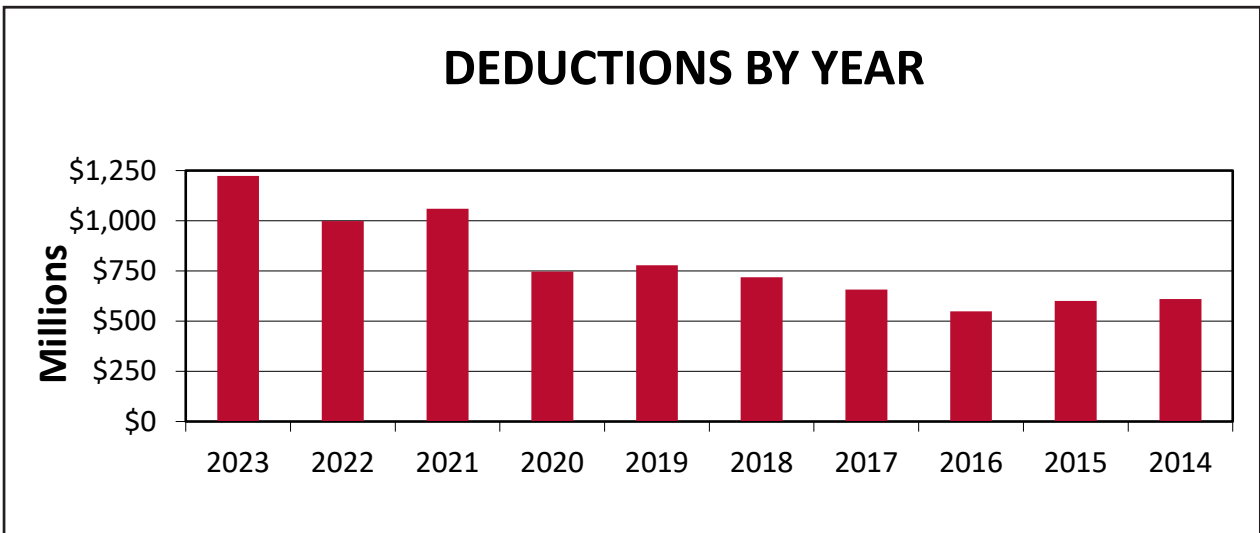
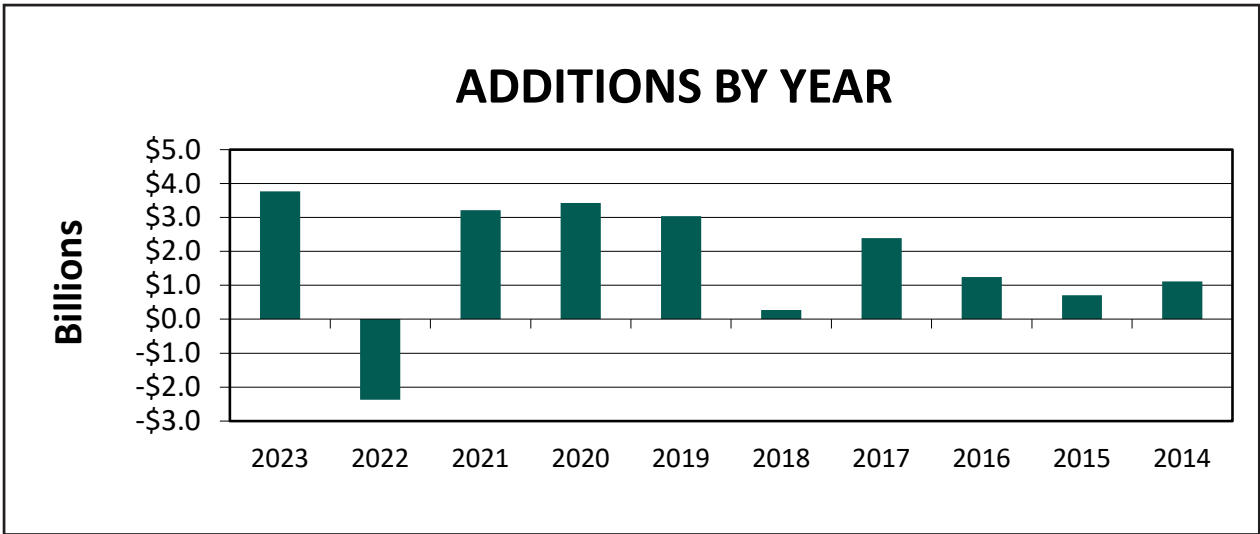
FINANCIAL SECTION

The statement below shows the annual additions and deductions for Ohio DC. Generally, a net increase represents more assets were accumulated to pay more retirement income benefits. During 2023, Ohio DC saw a decrease in transfers in and an increase in transfers out, which is consistent with mature retirement plans. Rebounding market conditions allowed Ohio DC to increase plan net position by 15%.

	2023	2022	\$ Change	% Change
Additions:				
Net Investment Income (Loss)	\$3,067,484,994	\$(3,084,174,888)	\$6,151,659,882	199.5%
Participant Contributions	615,366,054	601,094,646	14,271,408	2.4
Transfers from other plans	84,767,379	104,965,825	(20,198,446)	(19.2)
Other additions	21,775	1,258,631	(1,236,856)	(98.3)
Total additions	3,767,640,202	(2,376,855,786)	6,144,495,988	258.5
Deductions:				
Benefit Distributions	515,261,678	494,069,158	21,192,520	4.3
Transfers to other plans	693,176,648	492,305,859	200,870,789	40.8
Administrative expenses	14,151,698	12,066,168	2,085,530	17.3
Total deductions	1,222,590,024	998,441,185	224,148,839	22.4
Net increase (decrease)	2,545,050,178	(3,375,296,971)	5,920,347,149	175.4
Plan net position, beginning of year	16,859,365,490	20,234,662,461	(3,375,296,971)	(16.7)
Plan net position, end of year	\$19,404,415,668	\$16,859,365,490	\$2,545,050,178	15.1%

FINANCIAL SECTION

The charts below summarize Ohio DC financial trends over the past 10 years.



FINANCIAL SECTION

The chart below summarizes the performance versus benchmark of Ohio DC's investment options over the past 10 years, as of December 31, 2023

	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
Non-US Company Stock (inception 9/11/20)	16.2%	1.1%	n/a	n/a
<i>Benchmark: MSCI All Country World ex-U.S. Index</i>	15.6%	1.6%	7.1%	3.8%
Non-US Company Stock Index (inception 12/9/22)	15.9%	1.8%	7.5%	4.2%
<i>Benchmark: MSCI All Country World ex-U.S. Index</i>	15.6%	1.5%	7.2%	4.0%
US Small Growth Company Stock (inception 6/2/17)	22.5%	0.3%	14.8%	7.0%
<i>Benchmark: Russell 2000 Growth Index</i>	18.7%	-3.5%	9.2%	7.2%
US Small Value Company Stock (inception 6/2/17)	17.8%	9.7%	11.5%	6.7%
<i>Benchmark: Russell 2000 Value Index</i>	14.7%	7.9%	10.0%	6.8%
US Small/Mid Company Stock Index (inception 12/9/22)	25.0%	1.7%	12.3%	8.8%
<i>Benchmark: Russell Small Cap Compl Index</i>	24.8%	1.6%	12.3%	8.8%
Vanguard Capital Opportunity	25.6%	7.9%	14.5%	12.7%
<i>Benchmark: Russell Mid Cap Growth Index</i>	25.9%	1.3%	13.8%	10.6%
Fidelity Growth Company Commingled Pool (inception 12/13/13)	46.3%	6.5%	23.2%	17.4%
<i>Benchmark: Russell 1000 Growth Index</i>	42.7%	8.9%	19.5%	14.9%
US Large Growth Company Stock (inception 8/1/14)	47.1%	5.8%	16.4%	14.3%
<i>Benchmark: Russell 1000 Growth Index</i>	42.7%	8.9%	19.5%	14.9%
US Large Value Company Stock (inception 12/9/22)	17.6%	12.9%	14.0%	10.5%
<i>Benchmark: Russell 1000 Val Index</i>	11.5%	8.9%	10.9%	8.4%
US Large Stock Index (inception date 12/9/22)	26.2%	10.0%	15.7%	12.0%
<i>S&P 500 Index</i>	26.3%	10.0%	15.7%	12.0%
Fidelity Contrafund Commingled Pool (inception 1/17/14)	37.6%	7.7%	16.6%	13.0%
<i>Benchmark: Russell 1000 Growth Index</i>	42.7%	8.9%	19.5%	14.9%
BlackRock LifePath Retirement	11.2%	0.5%	5.6%	4.5%
<i>Benchmark: BlackRock Custom</i>	11.1%	0.5%	5.6%	4.4%
BlackRock LifePath 2025	12.0%	1.2%	6.6%	5.3%
<i>Benchmark: BlackRock Custom</i>	11.9%	1.2%	6.6%	5.2%
BlackRock LifePath 2030	14.3%	2.3%	7.9%	6.1%
<i>Benchmark: BlackRock Custom</i>	14.2%	2.3%	7.8%	5.9%
BlackRock LifePath 2035	16.3%	3.3%	9.0%	6.8%
<i>Benchmark: BlackRock Custom</i>	16.3%	3.3%	9.0%	6.6%
BlackRock LifePath 2040	18.3%	4.3%	10.1%	7.4%
<i>Benchmark: BlackRock Custom</i>	18.3%	4.3%	10.0%	7.2%
BlackRock LifePath 2045	20.2%	5.1%	11.0%	7.9%
<i>Benchmark: BlackRock Custom</i>	20.1%	5.1%	10.9%	7.7%
BlackRock LifePath 2050	21.3%	5.6%	11.4%	8.1%
<i>Benchmark: BlackRock Custom</i>	21.2%	5.5%	11.3%	7.9%
BlackRock LifePath 2055	21.6%	5.7%	11.5%	8.2%
<i>Benchmark: BlackRock Custom</i>	21.6%	5.6%	11.4%	8.0%
BlackRock LifePath 2060	21.6%	5.7%	11.5%	n/a
<i>Benchmark: BlackRock Custom</i>	21.6%	5.6%	11.4%	n/a
US Bond (inception 1/30/2015)	5.9%	-3.6%	1.4%	1.9%
<i>Benchmark: Bloomberg US Aggregate Bond Index</i>	5.5%	-3.3%	1.1%	1.8%
US Bond Index (inception 12/9/22)	5.6%	-3.4%	1.1%	1.8%
<i>Benchmark: Bloomberg US Aggregate Bond Index</i>	5.5%	-3.3%	1.1%	1.8%
Stable Value Option	2.7%	2.1%	2.2%	2.2%
<i>Benchmark: Morningstar US CIT Stable Val Index</i>	2.0%	1.5%	2.1%	2.1%

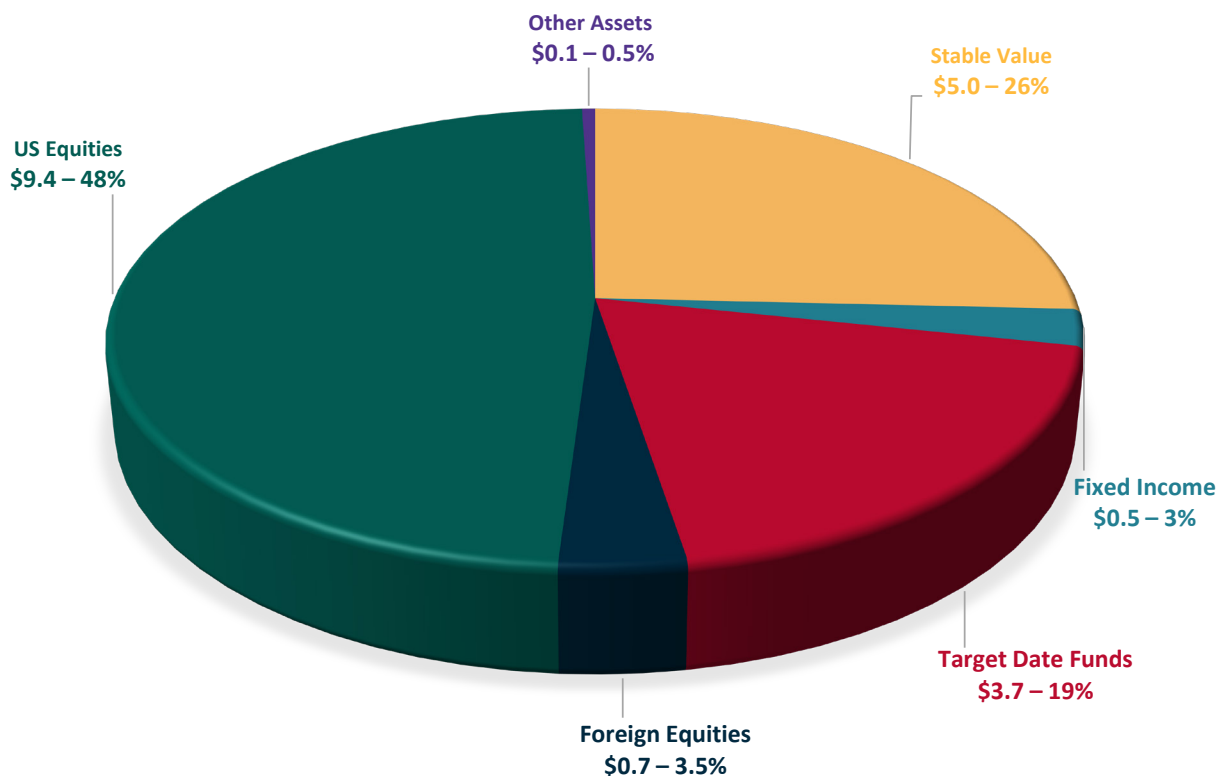
Investment returns are a time-weighted return based on the market rate of return. Returns are shown net of investment management fees. The 3-year, 5-year, and 10-year investment returns are annualized. Funds with inception date of 12/9/22 are reflective of returns established prior to becoming an option in Ohio DC's portfolio.

SUMMARY OF PLAN ASSETS

INVESTMENT ALLOCATION SUMMARY

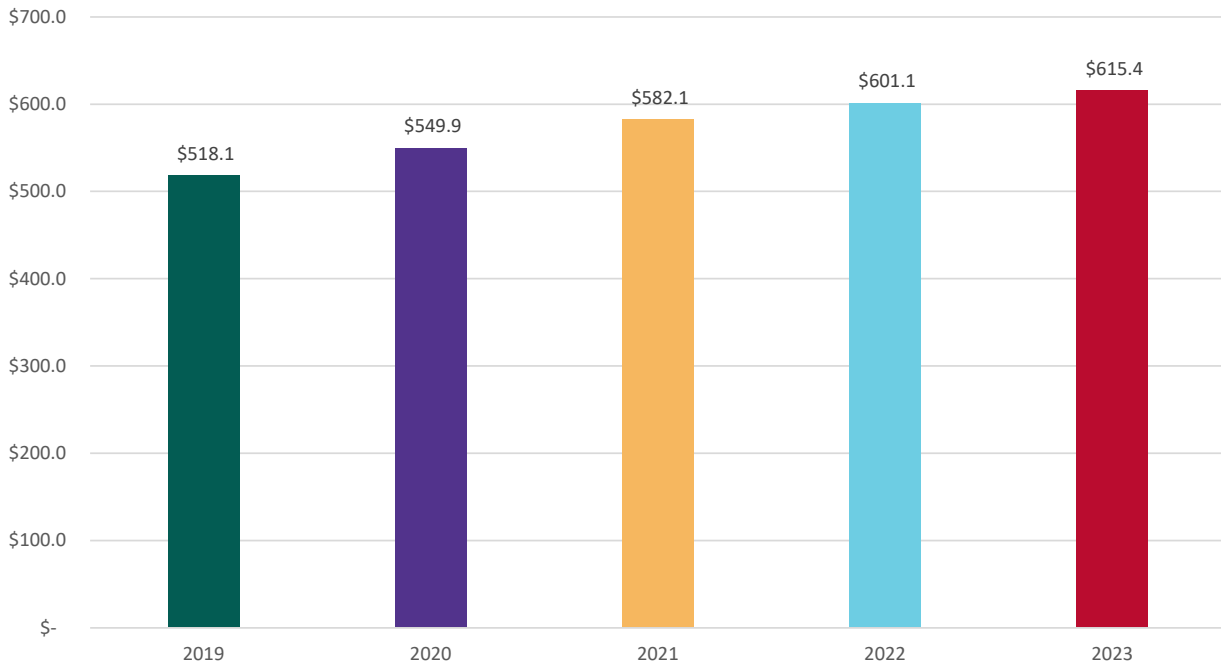
Investment markets are extremely complex and market volatility is impossible to predict. For these reasons, Ohio DC, as well as all responsible retirement plans, stress the need for investors to take advantage of their ability to diversify their investments. Diversification reduces portfolio risk. In the chart below, you can see the Plan Net Position of \$19,404,415,668, allocated out to various asset classes that Ohio DC participants were invested in as of December 31, 2023. Ohio DC is a self-directed plan, so participants choose the investment options for their contributions and balances. The Ohio DC Board has adopted an investment policy to ensure that a suitable number of diverse investment options are offered and regularly monitored.

INVESTMENT ALLOCATION (\$ IN BILLIONS)



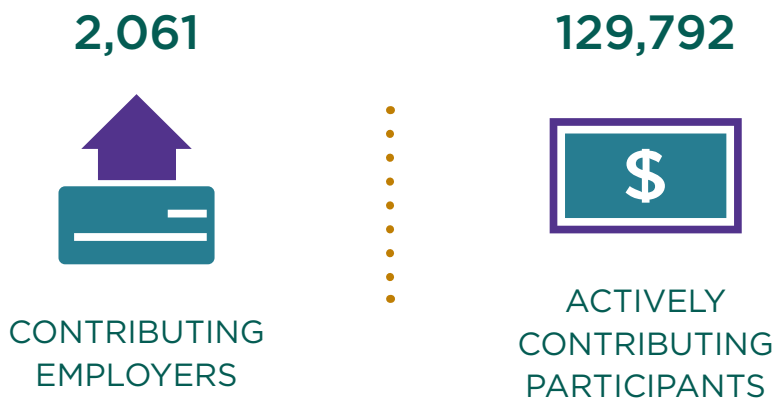
FACTS AND NUMBERS

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.

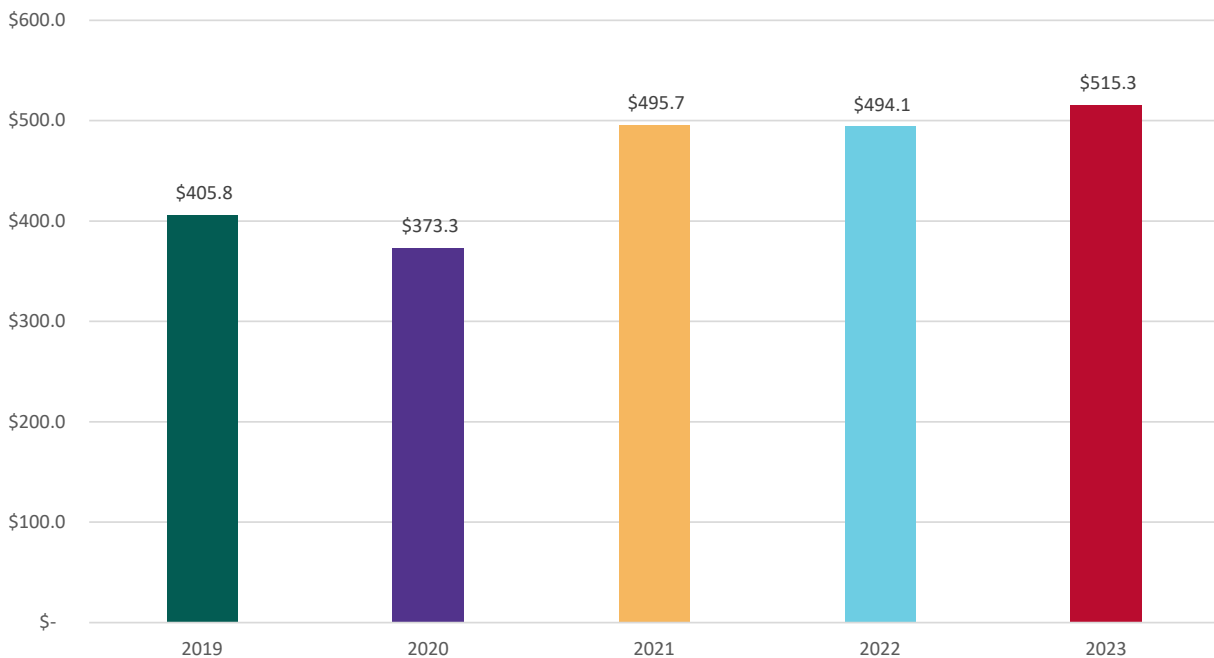


FACTS AND NUMBERS

PARTICIPANT BENEFIT DISTRIBUTIONS

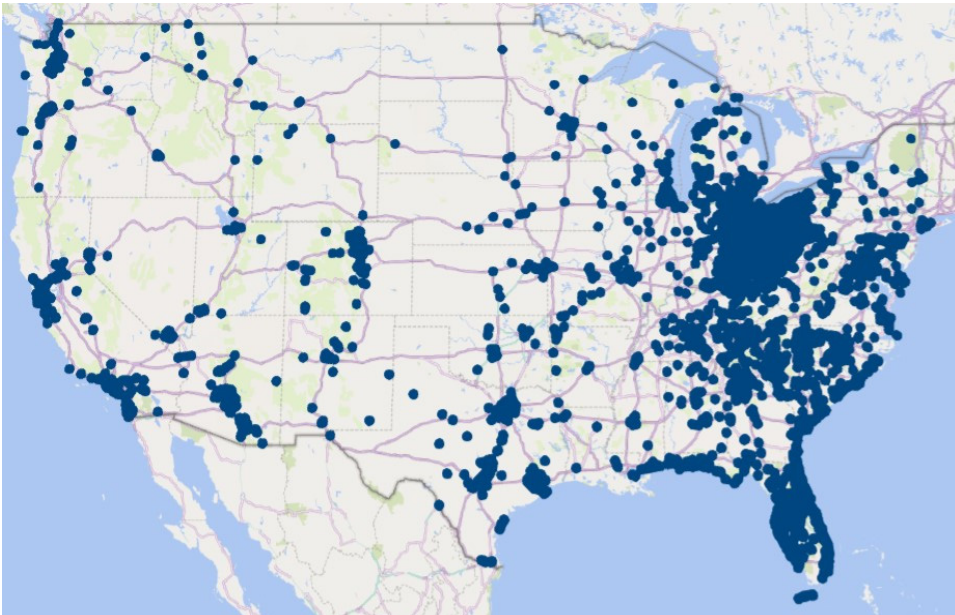
Ohio DC provided 49,154 participants with distributions in 2023, up from 48,353 in 2022. The average annual distribution in 2023 equaled \$10,483. In 2023, Ohio DC distributed over \$515 million in benefits to participants to provide them additional retirement income and a more secure, comfortable retirement.

ANNUAL DISTRIBUTIONS (\$ IN MILLIONS)



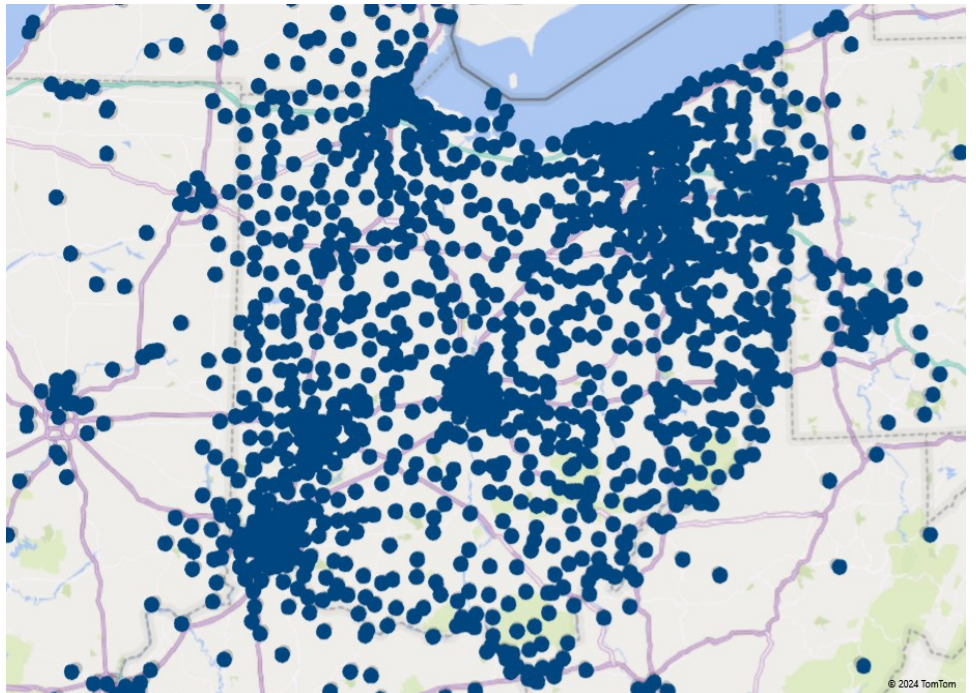
Ohio DC participants do not have to withdraw funds when they retire or leave employment. They can let their money continue to grow and enjoy the benefits of being a participant. If a participant is no longer working at age 73, they will need to take annual Required Minimum Distributions as defined by 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.

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 \$453 million or 88% of all distributions in 2023 remained in Ohio to support our participants and the Ohio economy.

RECOGNITION



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR FISCAL YEAR 2022 FROM THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA)

Ohio DC's 2023 Annual Comprehensive Financial Report, is the source for the information on pages 3-14. Ohio DC's 2022 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 2023 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, 2023, 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



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In-person or virtual appointment
with a Retirement Planning Specialist



Financial Wellness

Log in using your Ohio DC online account