



OHIO DEFERRED COMPENSATION

457 FOCUS

877-644-6457

Ohio457.org

First Quarter 2022



Life is about finding balance.

It's time to fine-tune your asset allocation.

Asset allocation: The right balance at the heart of savings success

Finding the right balance of stocks, bonds, and cash equivalents in your portfolio is called *asset allocation*, and it is one of the most important strategies in reaching your financial goals. People generally invest in stocks for growth, bonds for income, and cash equivalents for safety and liquidity.

While no particular investment strategy, including asset allocation, guarantees a profit or protection against loss in a declining market, asset allocation can help you balance risk and potential return.

You know what you are saving for. And your unique retirement goals can help you decide how to divide your account among investment types.

There are two things you can do now:

1. **Use the Asset Allocation Tool on the Ohio DC website.** It may help you determine your time horizon and risk tolerance with eight simple questions to assist you in understanding what balance of investments is aligned with your goals.
2. **Need more help?** You can schedule an appointment with your local Account Executive from the home page of our website. They can help add to your understanding and discuss ways to rebalance your portfolio with a mix that works for you.

Just as deciding to save for your future is essential, deciding how to allocate your assets is another important step.



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Asset allocation does not assure a profit or guarantee against loss in a declining market. Information provided by Account Executives is for educational purposes only and is not intended as investment advice.

A publication of the Ohio Deferred Compensation Board

Message from the Executive Director...

Our new communications theme, "Put your heart in it, Ohio," was timed with a lot of purpose.

As your supplemental retirement plan, we saw firsthand how COVID impacted so many of our participants. My heart broke as record amounts of Unforeseeable Emergency applications came in, and we worked to approve as many as possible to help during these difficult times.

I catch myself reflecting on the difficulties of the past two years more than I'd like to admit. That is why we selected our theme.

You all have so much heart!

You have made it through some of the most difficult times, and I am sure we are all keeping an eye on the global outlook right now.

You deserve a retirement income that allows you to live your retirement journey to the fullest. I am honored to partner with all of you as we work to build back up your nest egg, here with Ohio DC.

Christina Elliott
Executive Director

Surviving Market Volatility

Recently, stock markets around the world have been riding a roller coaster. When confronted with negative outcomes, many investors choose to get out of the market, effectively locking in losses.

If investors look at the history of market rebounds after significant downturns, they will see that staying invested in the market long term, rather than trying to time the market, will allow them to experience the eventual market rebound. While the crisis and endemic events shown below caused short-term disruptions and extreme market drops, economic growth later resumed.¹

| Event | Year | Return of S&P 500 Index 1 Year After Event |
|------------------------|----------------|--|
| 9/11 Terrorist Attack | September 2001 | -20.61% |
| SARS* | April 2003 | 22.66% |
| Avian (Bird) Flu* | June 2006 | 20.49% |
| Lehman Bankruptcy | October 2008 | -6.60% |
| H1N1 (Swine Flu)* | April 2009 | 38.78% |
| Ebola* | March 2014 | 12.61% |
| Zika* | January 2016 | 20.03% |
| Brexit Vote Passed | June 2016 | 17.87% |
| 2018 Market Correction | December 2018 | 16.06% |
| Covid-19* | March 2020 | 56.33% |

**The return is the total one-year return starting the month after the stated date of the event.*

¹ *Market Timing: More Evidence Why It Doesn't Work - https://www.ifa.com/articles/market-timing_more_evidence_really_doesnt_work/*

Maintain your discipline and remember these investing principles:

- Stay focused on your plan. Remember, you are investing for the long term.
- To help lessen the impact of market fluctuations, maintain a diversified portfolio that's suitable for your retirement goals and risk tolerance.
- Take advantage of opportunities to invest when others react based on emotion; consider buying when they are selling in falling markets.

Investing involves market risk, including possible loss of principal. No investment strategy can guarantee a profit or avoid loss, especially in a down market. Actual investment results will vary depending on your investment and market experience, and there is no guarantee that fund objectives will be met.

Employers Recognized

The Ohio Deferred Compensation Board of Trustees formally recognized the following employers' achievements in improving retirement education, enrollment, and savings among their employees during 2021.



We appreciate everything these organizations do to make sure Ohio's public employees are ready for retirement!

Central Ohio Transit Authority (COTA)
City of Strongsville
Cleveland Public Library
East Muskingum Local Schools
Madison Local Schools
Portage County
Southwest Public Libraries
Trimble Local School District

Required Minimum Distribution

If in 2022 you are no longer working and will turn 72 or are already 72 or older, you will need to take a required minimum distribution (RMD) from your Ohio DC account. The RMD, mandated by the IRS, is determined at the beginning of the year and is required to be withdrawn by the end of the year.



Your 2022 RMD amount(s) were provided in your fourth quarter 2021 statement and are also available to view by logging into your account at [Ohio457.org](https://ohio457.org).

Meet with Your Local Account Executive

In times of uncertainty, sometimes it is nice to talk to a familiar face about your Ohio DC account. We are offering multiple ways to stay in touch with your local Account Executive, including on-site visits, telephone appointments, or virtual meetings. Your local Account Executive can help you:

- Review your investment options
- Evaluate your tolerance for risk
- Answer questions about retirement and post-employment withdrawals
- Navigate online tools and calculators
- Understand the difference between pre-tax or post-tax (Roth) contributions, if offered by your employer
- Update your address, email, or beneficiaries



To schedule an appointment with your local Account Executive, please visit our website at [Ohio457.org](https://ohio457.org). On the home page, click the calendar icon to open the Account Executive Map. Select the Account Executive for the county where you work. If you are unable to find a convenient time, you can schedule with any Account Executive across the entire state.

Account Executives are Registered Representatives of Nationwide Investment Services Corporation, member FINRA. Neither Nationwide nor its representatives provide tax, legal, or investment advice. Please consult your professional advisor for such advice.



The Ohio DC eDelivery option provides you with secure retirement savings information in a convenient, fast, and dependable way. With our eDelivery option, you can choose to receive email communications for any of the following:

- **Quarterly Statements**
- **Transaction Confirmations** (details regarding transactions or changes to your account, e.g., contributions, exchanges)
- **Tax Forms** (1099-R)

You can sign up and manage your eDelivery preferences by logging into your account.

Review Your Annual Statement

For most participants, Ohio DC mailed Annual Statements in January. This statement contains valuable information about account performance, fund allocation, potential values and benefits, and beneficiaries. You can also view your Annual Statement at Ohio457.org.

The Annual Statement gives you an update on your progress toward meeting your retirement income goal(s). Now is the perfect time to refresh your plan for the new year. Commit to take action toward a more secure retirement.



Consider enrolling in the SMarT Automatic Increase plan, rebalancing your investment options, updating your beneficiaries, or consolidating your retirement savings accounts at Ohio DC.

Go to Ohio457.org and log in to your account to make changes.

Ohio DC Board of Trustees

At the February Board of Trustees meeting, incumbent members Julie Albers (county employees) and Timothy Steitz (retired employees) were sworn in for four-year terms.

At the March meeting, Steve Toth (retired employees) was elected to a fifth term as chair, and Timothy Steitz was elected to a third term as vice chair.



Steve Toth



Timothy Steitz

At the March OPERS Board of Trustees meeting, Stewart Smith was selected to fill the vacant Board position representing miscellaneous employees on both the OPERS and Ohio DC boards. The Trustees filled the vacancy after no candidate for the position emerged during last year's OPERS Board elections. Smith's term will run through 2025.



Ohio Deferred Compensation Service Center
257 East Town Street, Suite 457
Columbus, Ohio 43215-4626



877-644-6457
8 a.m.-4:30 p.m., Monday-Friday



Ohio457@Nationwide.com



Ohio457.org



Ohio Deferred Compensation



Holiday Schedule

The Service Center and exchange processing follows the New York Stock Exchange holiday schedule.

Visit Ohio457.org>Contact Us for the 2022 holiday schedule.

The Ohio Deferred Compensation Program is a supplemental retirement benefit plan regulated by Section 457 of the Internal Revenue Code.

Ohio DC Board of Trustees

Elected

Julie Albers
County Employees

Randy Desposito
Non-teaching College/
University Employees

Christopher Mabe
State Employees

Stewart Smith
Miscellaneous Employees

Timothy Steitz, Vice Chair
Retired Group

Ken Thomas
Municipal Employees

Steve Toth, Chair
Retired Group

Christina Elliott
Executive Director

Statutory

Kathleen Madden
Director, Department of
Administrative Services

Richard Brown
House of Representatives

Jay Hottinger
Senate

Appointed

Richard R. Hollington, Jr.
Investment Expert

James E. Kunk
Investment Expert

James Tilling
Investment Expert

This newsletter is printed on recycled paper.

Ohio Deferred Compensation Investment Performance Report—As of March 31, 2022

The results shown represent past performance and should not be considered a representation of future performance or experience. Past performance cannot guarantee future results. Current investment results may be lower or higher than quoted in this report. The principal value and investment return of an investment will fluctuate so that an investor's units/shares, when redeemed, may be worth more or less than their original cost. Performance data current to the most recent month-end may be obtained by visiting Ohio457.org. Although data is gathered from investment providers, the Program cannot guarantee completeness and accuracy. Please see other important disclosures at the end of this report. **Consider the investment objectives, risks, charges, and expenses carefully before investing by consulting your prospectuses, which contain this and other information. Prospectuses are available by calling 877-644-6457 or visiting Ohio457.org. Read the prospectus carefully before investing.**

| Fund Name (Manager or Ticker Symbol) | Inception Date | 1st Quarter | Average Annual Returns | | | | Expense Ratio ⁽¹⁾ |
|---|----------------|-------------|------------------------|--------|--------|----------------------|------------------------------|
| | | | 1 Year | 3 Year | 5 Year | 10 Year | |
| Ohio DC LifePath Portfolios (BlackRock) ⁽²⁾ | | | | | | | |
| LifePath Retirement ⁽³⁾ | 8/15/2017 | -5.11% | 1.14% | 7.20% | 6.41% | 5.62% | 0.06% |
| LifePath 2025 ⁽³⁾ | 8/15/2017 | -5.12% | 2.18% | 8.29% | 7.58% | 7.00% | 0.06% |
| LifePath 2030 ⁽³⁾ | 8/15/2017 | -5.17% | 3.42% | 9.60% | 8.64% | 7.82% | 0.06% |
| LifePath 2035 ⁽³⁾ | 8/15/2017 | -5.24% | 4.58% | 10.84% | 9.64% | 8.59% | 0.06% |
| LifePath 2040 ⁽³⁾ | 8/15/2017 | -5.34% | 5.57% | 11.93% | 10.52% | 9.26% | 0.06% |
| LifePath 2045 ⁽³⁾ | 8/15/2017 | -5.44% | 6.36% | 12.83% | 11.19% | 9.79% | 0.06% |
| LifePath 2050 ⁽³⁾ | 8/15/2017 | -5.52% | 6.75% | 13.29% | 11.51% | 10.09% | 0.06% |
| LifePath 2055 ⁽³⁾ | 8/15/2017 | -5.54% | 6.82% | 13.38% | 11.56% | 10.23% | 0.06% |
| LifePath 2060 ⁽³⁾ | 8/15/2017 | -5.55% | 6.81% | 13.37% | 11.54% | 9.48% ⁽⁴⁾ | 0.06% |

International Stock Funds

| | | | | | | | |
|---|------------|--------|--------|-----------------------|-------|-------|-------|
| Ohio DC International Stock (Vanguard, Schroders, Arrowstreet) ⁽²⁾ | 9/11/2020 | -6.90% | -3.38% | 13.45% ⁽⁴⁾ | n/a | n/a | 0.53% |
| Vanguard Total International Stock Index (VTPSX) ⁽⁵⁾ | 11/30/2010 | -6.07% | -1.80% | 7.80% | 6.82% | 5.84% | 0.07% |

Small-Cap Mid-Cap Stock Funds

| | | | | | | | |
|--|------------|---------|--------|--------|-----------------------|--------|-------|
| Ohio DC Small-Cap Growth (Westfield, Fiera) ⁽²⁾ | 6/2/2017 | -11.76% | -6.68% | 16.81% | 14.50% ⁽⁴⁾ | n/a | 0.65% |
| Ohio DC Small-Cap Value (Westwood) ⁽²⁾ | 6/2/2017 | -7.62% | 1.04% | 10.47% | 8.08% ⁽⁴⁾ | n/a | 0.49% |
| Vanguard Extended Market Index (VEMPX) ^{(5) (6)} | 1/14/2011 | -9.33% | -5.39% | 14.20% | 12.08% | 12.36% | 0.04% |
| Vanguard Capital Opportunity (VHCAX) ^{(5) (6)} | 11/12/2001 | -6.51% | 4.13% | 16.30% | 15.24% | 16.29% | 0.36% |

Large-Cap Stock Funds

| | | | | | | | |
|---|------------|---------|--------|--------|--------|-----------------------|-------|
| Dodge & Cox Stock (DODGX) ⁽⁵⁾ | 1/4/1965 | 1.01% | 14.84% | 17.28% | 13.26% | 14.24% | 0.52% |
| Fidelity Contrafund Commingled Pool ⁽²⁾ | 1/17/2014 | -9.72% | 10.08% | 19.11% | 18.18% | 14.59% ⁽⁴⁾ | 0.35% |
| Fidelity Growth Company Commingled Pool ⁽²⁾ | 12/13/2013 | -11.03% | 6.59% | 28.96% | 25.22% | 20.53% ⁽⁴⁾ | 0.35% |
| Ohio DC Large-Cap Growth (T. Rowe Price) ⁽²⁾ | 8/1/2014 | -13.09% | 4.00% | 19.17% | 20.33% | 17.12% ⁽⁴⁾ | 0.31% |
| Vanguard Institutional Index (VIXIX) ⁽⁵⁾ | 7/7/1997 | -4.61% | 15.60% | 18.92% | 15.98% | 14.63% | 0.02% |

Bond Funds

| | | | | | | | |
|---|-----------|--------|--------|-------|-------|----------------------|-------|
| Ohio DC Intermediate Bond (TCW) ⁽²⁾ | 1/30/2015 | -6.00% | -4.21% | 2.41% | 2.67% | 2.08% ⁽⁴⁾ | 0.25% |
| Vanguard Total Bond Market Index (VBMPX) ⁽⁵⁾ | 2/5/2010 | -5.98% | -4.07% | 1.71% | 2.14% | 2.22% | 0.03% |

Stable Value

| | | | | | | | |
|--|----------|-------|-------|-------|-------|-------|-------|
| Ohio DC Stable Value Option (Multiple Managers) ⁽²⁾ | 1/1/1994 | 0.39% | 1.68% | 2.17% | 2.22% | 2.26% | 0.25% |
|--|----------|-------|-------|-------|-------|-------|-------|

Annualized Crediting Rates: 1st Quarter 2022—1.60% 2nd Quarter 2022—1.60%

⁽¹⁾ Investment performance has been reduced for expense ratios. These expense ratios may vary from period to period. Expense ratios do not include administrative fees or rebates of fee reimbursements. See "Administrative Fees and Rebates" for more information.

⁽²⁾ These options are not publicly traded mutual funds and do not have a ticker symbol or prospectus. Additional information regarding the manager(s) and investment strategy can be found in the fund profile at Ohio457.org. The value of the securities held by the SVO will fluctuate. The SVO focuses on principal preservation and a stable rate of return.


⁽³⁾ Returns shown are of the respective LifePath Index N series. Returns for periods prior to the inception of the N series are those of the respective LifePath Index F series.


⁽⁴⁾ Average annual return since inception date.


⁽⁵⁾ These options are publicly traded mutual funds, and they have a ticker symbol and prospectus.


⁽⁶⁾ The asset class for Vanguard Extended Market Index is small/mid-cap stocks. The asset class for Vanguard Capital Opportunity is mid-cap stocks.


Investment Performance Report Notes


 **LifePath Portfolios**—Each LifePath Portfolio is based on a target year (when you expect to begin using your money). Portfolios are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. LifePath Portfolios are designed for people who plan to begin withdrawing funds during or near a specific year. Like other funds, LifePath Portfolios are subject to market risk and loss. Loss of principal can occur at any time, including before, at, or after the target year. There is no guarantee that LifePath Portfolios will provide enough income for retirement.


 **International Stock Funds**—International funds involve risks not associated with investing solely in the United States, such as currency fluctuation, differences in accounting standards, and the limited availability of information. Over the long term, an investor should be willing to accept a high level of risk resulting from potentially higher market volatility.

 **Small-Cap Stock Funds**—Small-cap funds contain stocks from companies with less than \$2 billion in capitalization, including many start-up companies. Small companies can grow much faster than big companies, but small company stocks tend to be more volatile than the stocks of larger companies. Over the long term, an investor should be willing to accept a high level of risk resulting from potentially higher market volatility.

 **Mid-Cap Stock Funds**—Mid-cap funds contain stocks from companies with market values between \$2 billion and \$10 billion, and often include companies that are well established and growing. Over the long term, an investor should be willing to accept a moderate to high level of risk resulting from potentially higher market volatility.

 **Large-Cap Stock Funds**—Large-cap funds contain stocks from companies with market values of more than \$10 billion, and they include blue-chip and Fortune 500 companies. They are typically more mature, diversified companies with many products and services. Over the long term, an investor should be willing to accept a moderate to high level of risk resulting from potentially higher market volatility.

 **Bond Funds**—Bonds are loans or debt instruments issued by governments or corporations that need to raise money. Bond funds have the same interest rate, inflation, and credit risks associated with the underlying bonds owned by the fund. Bonds are generally a more conservative form of investment than stocks, and usually provide a more steady flow of income. Typically, bonds have a lower long-term total return than stocks.

 **Stable Value**—These options own short to intermediate term, high-quality securities. Investors who seek safety of principal as well as a competitive rate of return compared to money market funds may invest in these options. The Ohio DC Stable Value Option returns are shown net of fees for investment management, custody, and principal protection. A fund profile can be obtained for the Ohio DC Stable Value Option by calling 877-644-6457 or at Ohio457.org.

Investment Performance

All reported returns assume reinvestment of capital gains and dividends and reflect the fund's expense ratio, but not the deduction of the administrative fee or reinvestment of rebates.

Administrative Fees and Rebates

Administrative Fees

An annual administrative fee of 0.0014 or 0.14% is charged to each participant. Administrative fees will be charged each quarter and are based on the total of a participant's account balance(s). Administrative fees will be waived if the total of a participant's account balance(s) is below \$5,000. Administrative fees will be capped at \$55 per quarter, per participant.

Rebates of Fee Reimbursements

The Dodge & Cox Stock fund has an annual administrative fee reimbursement of 0.10% included in its expense ratio. Ohio DC will rebate the fee reimbursement quarterly to the participant accounts invested in this option.

Investment decisions should not be made based on fee reimbursements. Before investing in a fund, carefully consider its objectives, risks, and charges and expenses. This information and other important facts can be found in the prospectus or fund profile at Ohio457.org. Read them carefully before investing.