



OHIO DEFERRED COMPENSATION

457 FOCUS

877-644-6457

Ohio457.org

Third Quarter 2016

Plan for Your Retirement with Confidence

Today, less than a third of those planning for their retirement feel they know how much they'll really need.¹ But you have a powerful advantage: the Ohio Deferred Compensation Program. As a participant, you have the right team of specialists and latest online tools to help you easily understand, plan, and gain a sense of confidence when it comes to planning for your retirement.

What you need is right at your fingertips—or a phone call away.

¹29%, according to the EBRI 2015 Retirement Confidence Survey (ebri.org)

Our helpful online tools include:

My Interactive Retirement PlannerSM (new version)

This personalized planner is an easy-to-use resource for determining how your current account balance may translate into potential retirement income. It can also provide suggestions for potentially improving your future savings.

My Health Care Estimator (new for 2016)

This estimator provides a simple way to comprehend your potential healthcare costs in retirement.

Webinars

These helpful online sessions cover everything from the basics for those approaching retirement to insights for those already retired. Each features important material that we provide during our live retirement planning classes.

Professor Penny Educational Videos

These easy-to-understand videos can answer many of your questions, including: enrollment benefits, retirement basics, catchup options, minimum distributions, performance reports, and more.

Plan Retirement with confidence

We have the resources for the most important retirement of all: **YOURS**



We also have Retirement Planning Specialists available to help you—at no charge. These Chartered Financial Consultants offer those nearing retirement assistance with everything from evaluating current finances to determining income needs—and answering any questions in between. To make an appointment with a Retirement Planning Specialist, call 877-644-6457.



Visit our website at Ohio457.org.

Retirement Planning Specialists are Registered Representatives of Nationwide Investment Services Corporation, member FINRA. Information provided by Retirement Planning Specialists is for educational purposes only and is not intended as investment advice.

Message from the Executive Director...

Increase Your Confidence in Planning for Retirement

We recently added an enhanced version of the **My Interactive Retirement Planner**SM to our website. You may have used the planner in the past, but now the planner has the ability to estimate pension benefits and outside assets, like real estate, in your overall retirement outlook. It also allows our field Account Executives to better assist participants in person, thanks to the pension projection. Take the updated **My Interactive Retirement Planner**SM for a test drive on your own, or call one of our Account Executives at 877-644-6457.

Keith Overly
Executive Director

Ohio DC Will Take Advantage of Fidelity's Lower Cost Collective Investment Trusts

On November 11, 2016, all investments in the Fidelity Contrafund and Growth Company mutual funds will be exchanged into Fidelity collective investment trusts (CIT). The same Fidelity portfolio managers will use the same investment strategies, but the CITs will have lower investment fees.

The current expense ratios are 0.71% for the Fidelity Contrafund and 0.88% for the Fidelity Growth Company fund. The Fidelity Contrafund expense ratio will **decrease by 0.28%**, and the Fidelity Growth Company fund expense ratio will **decrease by 0.45%**, which will directly increase net investment returns compared to their mutual fund counterparts. As a result of these changes, the new investment options will no longer have 0.25% administrative fee reimbursements built into the expense ratios, which are currently rebated to investors in those funds. The current expense ratios on both CITs are 0.43%, which will save Ohio DC participants \$1.9 million, collectively, in annual fees. Updated fund profiles will be available on our website in November and will show important financial statistics and characteristics for each option.

If you are invested in these mutual funds, your shares will be sold on November 11, 2016, at that day's price, and an equivalent value of units in the new CIT will be purchased. You will receive a letter explaining the transaction and



confirming the new number of units owned. While the daily fund price and number of units owned will change, **the total value of your investment and the investment strategy will remain the same.** The new unit prices will change by the daily percentage of increase or decrease in the value of the portfolio, exactly how mutual fund share prices change.

Exchange Deadline: In order to facilitate the fund changes on November 11, 2016, Ohio DC requests that participants invested in these funds make any planned exchange requests by November 10, 2016.

Where Are You in Your Journey?

There's a good chance we'll spend as much or more of our lives in retirement as we did working. But these are not the shuffleboard years. They're years of sports, travel, exploration, new careers, and making our dreams come true. Are you ready for retirement? Ohio DC will offer retirement webinars in honor of National Retirement Security Week. All you need is an Internet connection and phone to participate!

Approaching Retirement Preparing to Retire

Tuesday, October 18th at 11:30 a.m.
Wednesday, October 19th at 11:30 a.m.

Topics include:

- How to get ready for retirement
- Identifying your retirement risks
- What is a "retirement gap?"
- Types of investments
- Options for withdrawals

Approaching Retirement Beyond the Basics

Thursday, October 20th at 11:30 a.m.
Friday, October 21st at 11:30 a.m.

Topics include:

- Asset allocation in retirement (with examples)
- Catch-up
- Retirement decisions/considerations
- Withdrawal strategies

Information provided by Retirement Planning Specialists is for educational purposes only and is not intended as investment advice.

Retired Minds Want to Know

Wednesday, October 26th at 11:30 a.m.
Thursday, October 27th at 9:00 a.m.

Topics include:

- Protecting your account against risks in retirement
- Diversifying your retirement portfolio
- Accessing your funds during retirement

You must register for the webinars in advance.

To Register:

- 1. Go to Ohio457.org.**
- 2. Click "Upcoming Webinars."**

— NATIONAL —
**RETIREMENT
SECURITY WEEK**

Sponsored by NAGDCA

*The Voice of Public Sector
Defined Contribution Plans*

**YOUR
JOURNEY**

Do You Have Unused Sick Leave and/or Vacation Time?

You May Be Able to Cash Out and Invest It.

Depending on your employer's policy, a lot of employees have the opportunity to cash out significant portions of unused vacation and/or sick leave at the end of the year or when they approach retirement. Take the opportunity to invest your leave pay to increase your retirement savings.

The process is simple! If you know you'll be receiving leave pay, contact your payroll department to determine the amount that is due to you and the date it will be paid. [Make sure you inform Ohio DC at least 30 days before your pay date.](#)

Timing is important. Contact your payroll department and call our Service Center at 877-644-6457 to find out more about deferring your leave pay.

Investing involves market risk, including possible loss of principal.

New Board Member Appointed by Ohio House



The Ohio House of Representatives has appointed Kristin Boggs (D) of Ohio House District 18 to the Ohio Deferred Compensation Board of Trustees. Ms. Boggs began serving on the Board on September 27, 2016.



REFER A FRIEND

Ohio DC makes a difference!



Ohio Deferred Compensation Service Center

257 East Town Street, Suite 457
Columbus, Ohio 43215-4626

Walk-in hours: 8 a.m.–4:30 p.m., Monday–Friday

Phone hours: 8 a.m.–5:30 p.m., Monday–Friday

Automated Telephone System: 24/7



877-644-6457



Ohio457@Nationwide.com



Ohio457.org



Ohio Deferred Compensation



Ohio DC Board of Trustees

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Executive Director

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

This newsletter is printed on recycled paper.



Holiday

Date Closed

Exchanges Processed

| | | |
|---------------------------|-------------------|-----------------|
| Thanksgiving | November 24 | November 25 |
| Friday after Thanksgiving | Open until 1 p.m. | After 1 p.m. |
| Thanksgiving | November 25 | November 28 |
| Christmas Day (observed) | December 26 | December 27 |
| New Year's Day (observed) | January 2, 2017 | January 3, 2017 |

The Service Center and exchange processing will be affected by the New York Stock Exchange holiday schedule. Exchanges received on holidays will be processed as of the market close of the next business day.

Ohio Deferred Compensation

Investment Performance Report—As of September 30, 2016

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.**

| | Inception Date | Ticker Symbol | 3rd Quarter | YTD | Average Annual Returns | | | | Expense Ratio ⁽¹⁾ | |
|---|----------------|--------------------|--------------------------------|--------|------------------------|--|--------|--|------------------------------|--|
| | | | | | 1 Year | 3 Year | 5 Year | 10 Year | | |
| LifePath Portfolios | | | | | | | | | | |
| LifePath Retirement⁽²⁾ | 8/26/2011 | n/a ⁽³⁾ | 2.08% | 6.98% | 8.15% | 4.56% | 6.13% | 5.10% | 0.09% | |
| LifePath 2020⁽²⁾ | 8/26/2011 | n/a ⁽³⁾ | 2.50% | 7.19% | 9.08% | 4.99% | 7.63% | 4.87% | 0.09% | |
| LifePath 2025⁽²⁾ | 8/26/2011 | n/a ⁽³⁾ | 2.94% | 7.45% | 9.98% | 5.24% | 8.45% | 4.92% | 0.09% | |
| LifePath 2030⁽²⁾ | 8/26/2011 | n/a ⁽³⁾ | 3.35% | 7.68% | 10.84% | 5.48% | 9.15% | 4.94% | 0.09% | |
| LifePath 2035⁽²⁾ | 8/26/2011 | n/a ⁽³⁾ | 3.75% | 7.89% | 11.64% | 5.65% | 9.78% | 4.96% | 0.09% | |
| LifePath 2040⁽²⁾ | 8/26/2011 | n/a ⁽³⁾ | 4.10% | 8.05% | 12.28% | 5.82% | 10.35% | 4.94% | 0.09% | |
| LifePath 2045⁽²⁾ | 8/26/2011 | n/a ⁽³⁾ | 4.32% | 8.21% | 12.65% | 5.99% | 10.86% | 4.91% | 0.10% | |
| LifePath 2050⁽²⁾ | 8/26/2011 | n/a ⁽³⁾ | 4.38% | 8.24% | 12.73% | 6.11% | 11.34% | 3.72% ⁽⁴⁾ | 0.09% | |
| LifePath 2055⁽²⁾ | 8/26/2011 | n/a ⁽³⁾ | 4.37% | 8.22% | 12.71% | 6.21% | 11.77% | 9.74% ⁽⁴⁾ | 0.10% | |
| International Stock Funds | | | | | | | | | | |
| Templeton Foreign | | TFFAX | 8.41% | 8.76% | 10.38% | -1.06% | 7.19% | 3.16% | 0.93% | |
| Vanguard International Growth | | VWILX | 10.83% | 9.17% | 16.91% | 3.27% | 9.98% | 4.33% | 0.34% | |
| Vanguard Total International Stock Index⁽⁵⁾ | | VTPSX | 6.67% | 6.78% | 9.71% | 0.93% | 6.84% | 2.15% | 0.07% | |
| Small-Cap Stock Funds | | | | | | | | | | |
| FPA Capital⁽⁶⁾ | | FPPTX | 10.20% | 12.27% | 8.49% | -1.15% | 7.01% | 4.96% | 0.77% | |
| Hartford Small Company | | HIASX | 8.34% | 1.48% | 4.04% | 2.90% | 12.77% | 6.78% | 0.72% | |
| Vanguard Small-Cap Index⁽⁵⁾ | | VSCPX | 6.16% | 11.52% | 15.00% | 7.95% | 16.74% | 8.45% | 0.05% | |
| Mid-Cap Stock Funds | | | | | | | | | | |
| Vanguard Capital Opportunity | | VHCAX | 12.10% | 7.04% | 15.28% | 12.06% | 19.61% | 9.50% | 0.38% | |
| Large-Cap Stock Funds | | | | | | | | | | |
| Dodge & Cox Stock | | DODGX | 8.79% | 9.54% | 14.52% | 8.91% | 17.11% | 5.52% | 0.52% | |
| Fidelity Contrafund | | FCNTX | 5.21% | 3.94% | 10.50% | 10.24% | 15.41% | 8.62% | 0.71% | |
| Fidelity Growth Company | | FDGRX | 9.36% | 4.01% | 13.75% | 11.50% | 17.67% | 10.67% | 0.88% | |
| Ohio DC Large-Cap Growth | 8/1/2014 | n/a ⁽³⁾ | 8.00% | 1.30% | 10.10% | 8.12% ⁽⁴⁾ | n/a | n/a | 0.37% | |
| Vanguard Institutional Index | | VIIIX | 3.85% | 7.82% | 15.42% | 11.16% | 16.37% | 7.27% | 0.02% | |
| Bond Funds | | | | | | | | | | |
| Ohio DC Intermediate Bond | 1/30/2015 | n/a ⁽³⁾ | 0.78% | 5.40% | 4.97% | 2.09% ⁽⁴⁾ | n/a | n/a | 0.25% | |
| Vanguard Total Bond Market Index | | VBMPX | 0.41% | 5.97% | 5.33% | 4.00% | 3.03% | 4.81% | 0.04% | |
| Stable Value | | | | | | | | | | |
| Ohio DC Stable Value Option | | n/a ⁽³⁾ | 0.55% | 1.67% | 2.20% | 2.22% | 2.38% | 3.30% | 0.29% | |
| | | | (SVO Annualized Return) | | | 3rd Quarter 2016—2.20% | | 4th Quarter 2016—2.30% | | |

⁽¹⁾ Investment performance has been reduced for expense ratios. These expense ratios may vary from period to period. Expense ratios do not include Program administrative fees or rebates of fee reimbursements.

⁽²⁾ Returns shown are of the respective LifePath Index Q series, net of historical Program administrative expenses. Returns for periods prior to the inception of the Q series are those of the respective LifePath Index F series, net of historical Program administrative expenses.

⁽³⁾ LifePath Portfolios, Ohio DC Large-Cap Growth, Ohio DC Intermediate Bond, and Ohio DC Stable Value Option (SVO) are not publicly traded mutual funds and do not have a ticker symbol or prospectus. These options are available only through Ohio Deferred Compensation. The value of the securities held by the SVO will fluctuate. The SVO focuses on principal preservation and a stable rate of return.

⁽⁴⁾ Average annual return since inception date.

⁽⁵⁾ Returns include performance of a different share class achieved prior to the inception of the current share classes. Returns were not recalculated to reflect the fees of the prior share class.

⁽⁶⁾ Exchanges from this fund may be subject to a redemption fee. Please consult the Program website or fund prospectus for additional information.

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 mutual fund 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. The LifePath Portfolios, Ohio DC Large-Cap Growth, Ohio DC Intermediate Bond, and Ohio DC Stable Value Option are not mutual funds or registered investment companies.

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

Many investment options have administrative fee reimbursements included in their expense ratios. Fee reimbursements received by Ohio DC will be rebated quarterly to the participant accounts invested in these options.

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.

Fee Reimbursement Rates

| Investment Manager | Annual Rebate |
|--------------------|---------------|
| Dodge & Cox | 0.10% |
| Fidelity | 0.25% |
| FPA | 0.05% |
| Hartford | 0.05% |
| Ohio DC | 0.00% |
| Templeton | 0.15% |
| Vanguard | 0.00% |