

**Minutes of
OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION BOARD
STRATEGIC PLANNING MEETING**

A publicly noticed meeting of the Ohio Public Employees Deferred Compensation Board was held at the Ohio Public Employees Retirement System offices located at 277 East Town Street, Columbus, Ohio on August 13, 2018, at 9:02 a.m.

Members present: Chair Steve Toth; Ms. Julie Albers; Mr. Robert Blair; Representative Richard Brown; Mr. Randy Desposito; Senator Jay Hottinger; Mr. Christopher Mabe; Mr. Seth Metcalf; Ms. Cinthia Sledz; Mr. Timothy Steitz; Mr. Ken Thomas; and Mr. James R. Tilling.

Also present: Mr. Keith Overly, Executive Director, Mr. Paul D. Miller, Mr. Jim Heagen, Ms. Cindy Ward, Mr. Doug Lepper, and Mr. Joshua King of the Ohio Public Employees Deferred Compensation Program; Ms. Lydia Zigler of the Attorney General's office; Mr. Matt Gill, Mr. Cedric Gaaskjolen, Ms. Penny Monahan, Ms. Brenda Anderson, and Mr. Steve Muller; of Nationwide; Ms. Mikaylee O'Connor and Mr. Jonathan Kowolik of RVK, Inc.; and Mr. Kimo Kim, Mr. Amit Jhatakia, and Mr. Nick DeBar of Perspecta.

Member(s) absent: Mr. Hermann Mollmann, Jr.

Chair Toth called the meeting to order. He thanked staff for putting the agenda together and welcomed the Trustees, staff and guests. He also indicated the expectations for the meeting.

The Executive Director reviewed the meeting agenda.

Mr. Heagen reviewed the strategic plan goals, and the status and updates of the existing strategic plan objectives.

The Executive Director reviewed the retirement eligibility of the Ohio DC staff, his potential plan for retirement, and the anticipated status of the Program in 2020.

(Mr. Metcalf entered the meeting.)

Discussion was held regarding the alignment of the Trustee term dates with the Executive Director's retirement plans, and the potential for internal candidates for the Executive Director position.

The Executive Director presented financial wellness definitions, and advantages of financial

wellness for employees and Ohio DC. He reviewed the current Ohio DC education efforts, financial wellness education provided by OPERS, and factors of a successful financial wellness program.

Discussion was held regarding the advantages of the financial wellness program being initiated at the employer level, the cost and challenges for individual employers to implement a financial wellness program, employee engagement hurdles, and the potential for coordinating financial wellness efforts with the State and the Ohio retirement systems.

(Mr. Thomas entered the meeting.)

Mr. Miller presented information on Deemed IRAs, including IRS rules, who might benefit from using a Deemed IRA, the challenges with offering them, and the current low utilization of the option.

Discussion was held regarding the additional contributions a Deemed IRA would allow, the investment option restrictions, the low uptake, competition issues, retention, and the number of rollovers out of the Program.

(Mr. Mabe entered the meeting.)

Staff will continue to monitor legislation, participant interest and competition, and Deemed IRAs can be revisited in the future.

Mr. Heagen provided an update on the Ohio Recordkeeping Information System (ORIS) modernization, timeline and budget for Phase I. He reviewed the process used to decide why and how the system would be modernized. Mr. Heagen indicated the ORIS Phase I project completion date has changed to November 2018 and he noted the issues impacting the schedule, including the actual implementation date. He reported the Phase I project is expected to remain under budget. Mr. Heagen reviewed the timeline and budget for Phase II that includes the participant website and capabilities for a Roth 457. The Phase II completion date has been moved to October 2019. He discussed the crowdsourcing process that was used to design the prototype website pages, and the future IT staffing that will be needed beginning in 2019.

Mr. Lepper presented the crowdsourcing information video created by DXC. The video explains Ohio DC's experience with using crowdsourcing for the website prototype pages. Ohio DC will have final approval of the intended use of this video by DXC. Mr. Lepper explained the crowdsourcing process. Discussion was held regarding mobile applications versus mobile responsive websites and researching

the need for both. Staff plans to conduct a mobile application study to gather more information.

Mr. Lepper demonstrated the preliminary website layout and functionality. Nationwide will continue to provide compliance review of the content, and access to the tools and calculators.

(Mr. Blair left the meeting.)

A break was taken from 10:41–11:02 a.m.

Mr. Lepper demonstrated the secure website layout and functionality.

Discussion was held regarding potential security issues with using the website code obtained through crowdsourcing. Staff will follow up with more information on the security protocols used in this process.

The Executive Director presented the recommended Plan Document amendments to provide for a post-tax Qualified Roth Contribution Program. He indicated that staff coordinated with the Attorney General's office to work with outside legal counsel to draft the amendments. The proposed amendments will be noticed in the third quarter *Focus* newsletter and will be effective on December 1, 2018. The Board will determine the date that Roth contributions can begin. Staff will request Board action to establish the Roth contribution beginning date after Phase II of the modernization is complete, in mid-2019. An employer will be required to agree to permit its employees to make Roth contributions.

Chair Toth moved, Mr. Mabe seconded to amend the Plan Document to provide the post-tax Qualified Roth Contribution Program to complement the existing pre-tax contributions.

Chair Toth asked for any questions or discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Ms. Sledz	yes
Representative Brown	yes	Mr. Steitz	yes
Mr. Desposito	yes	Mr. Thomas	yes
Senator Hottinger	yes	Mr. Tilling	yes
Mr. Mabe	yes	Chair Toth	yes
Mr. Metcalf	yes		

The motion passed unanimously.

Ms. O'Connor provided information on Environmental, Social and Governance (ESG) investing which included the definition, strategies, hurdles, misconceptions, DOL guidance, and defined contribution plan adoption of ESG investments. Ms. O'Connor presented the RVK survey results on pension system use of ESG investing.

Ms. O'Connor presented information on retiree behaviors which included a comparison of current retirees and future retirees, characteristics of participants retiring today, and retiree spending experiences. Discussion was held regarding how participants use their retirement savings when they retire and the potential to get data from a survey.

(Mr. Mabe left the meeting.)

The meeting recessed from 12:15 p.m. to 12:45 p.m. for lunch. The meeting returned to open session at 12:45 in Private Dining Room 4B, when Mr. Tilling, Board Governance Committee Chair, led the Board in conducting its annual self-evaluation.

The meeting recessed at 1:05 p.m.

The meeting returned to open session at 1:10 p.m. in OPERS Annex Conference Room 415. Mr. Tilling reported that the Board did not have any changes to the evaluation form, and he indicated that Trustee orientations were helpful and well received.

(Mr. Thomas left the meeting.)

Ms. O'Connor reported that Rob Palmeri left RVK at the beginning of August and Jim Voytko will replace Mr. Palmeri on the Ohio DC account. Ms. O'Connor introduced Mr. Kowolik.

(Mr. Hottinger left the meeting.)

Mr. Kowolik presented various plan design features and initiatives that are considered best practice within the public 457 plan space and are designed to improve participant outcomes. He reviewed the impact, cost and required resources for plans to focus on participation, savings rates, engagement, investing, and distributions. Mr. Kowolik summarized the Ohio DC initiatives.

Discussion was held regarding the status of and obstacles to auto enrollment in the Ohio DC Plan, the level of Program participation in school districts, the large number of plans offered by the

schools, the increase in fiduciary lawsuits at Universities, and the challenges the Field Account Executives have getting support at some of the schools and identifying the non-participants.

The Executive Director reviewed the strategic outcomes of the meeting which included issuing a request for proposals for a master custodian, the feasibility of coordinating a financial wellness program with the Ohio retirement systems and DAS, and a survey to determine actual or intended participant use of their retirement savings. Staff will create and prioritize new objectives for approval at the September Board meeting.

The Executive Director noted objectives that are completed and recommended for removal from the Strategic Plan.

Completed Objectives

- 1-42 Evaluate online financial wellness programs and complete a cost/benefit analysis for offering a program.
- 1-43 Develop a Phase II website implementation plan to inform and educate participants regarding the new features and functionality of the new website.
- 1-44 Develop a Roth 457 implementation plan including a participant education plan, an employer education and marketing plan, and staff training.
- 2-45 Evaluate Deemed IRAs to encourage participation, and increase and retain assets.

Ms. Albers moved, Mr. Desposito seconded to remove the completed objectives from the Strategic Plan.

Chair Toth asked for any further discussion regarding the motion.

Roll call vote was taken:

Ms. Albers	yes	Ms. Sledz	yes
Representative Brown	yes	Mr. Steitz	yes
Mr. Desposito	yes	Mr. Tilling	yes
Mr. Metcalf	yes	Chair Toth	yes

The motion passed unanimously.

Chair Toth thanked the Board, staff, and guests for their participation.

Ms. Albers moved, Mr. Desposito seconded to adjourn the meeting at 1:58 p.m. until the next regular meeting of the Board, September 18, 2018, to be held at the Ohio Public Employees Retirement System offices located at 277 East Town Street.