



OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM



OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Formal Question Responses

A Pre-Proposal Vendor's Conference Call was held on 01/31/2020 at 10:30 AM eastern time. Questions and answers from this conference call, as well as questions and answers submitted separately have been included herein. No verbal responses supplied by representatives of the programs are to be relied upon.

Questions submitted to the programs via email:

1). Can you tell me the total number of population for both programs? It reads in the RFP that there are 209,000 members for Ohio Deferred Compensation and 517,000 for the STRS members. Do any of those members overlap?

There is overlap between our two programs. Please refer to the Cost Proposal section on page 17 of our RFP which indicates the potential configurations of participants for which we may ultimately offer financial wellness services. There is an overlap of approximately 7,200 active member and 12,500 total members.

Please note, configuration 4 and 6 of the cost proposal (all active and retired participants) includes only active and retired participants of STRS Ohio and do not include inactive STRS members.

2). Are either of your programs currently utilizing any other type of financial wellness program? If so, with whom?

Ohio DC - *We do not offer holistic financial wellness services. However, Nationwide Retirement Solutions provides customer service for the program, including Field Account Executives and Retirement Planning Executives. These representatives provide information to our participants relating to investing, personal finance, and retirement issues. Additionally, we offer various financial tools and asset allocation calculators through our website. See more details about these services included at <https://www.ohio457.org/aboutus>. Additionally, our participants may participate in financial wellness programs offered by their employers separately from our program.*

STRS Ohio - STRS Ohio does not offer overall financial wellness services. We have several focused education programs offered to targeted sections of our membership. Most of the programs include STRS Ohio benefit information in addition to providing awareness of basic financial planning topics. Each program targets either early, mid or late career teachers.

Members enrolled in the Defined Contribution and Combined Plans have tools available through Nationwide Retirement Solutions. They are the third party administrator for these plans and provide record keeping services as well as financial tools. These members also have access to a service called ProAccount (through NRS), which provides asset allocation advice. Additional information about the NRS provided services is available at www.nrsstrsoh.org.

3). We are aware of some of the programs that Ohio Deferred Compensation and the State Teachers Retirement System offers. We would like to learn more about some of the more popular programs your members participate in and how you see them implemented into a financial wellness platform.

Ohio DC - Our participants are comprised of state and local government employees who have voluntarily elected to take part in our 457 supplemental retirement savings program. Participants in our program contribute additional savings dollars to our program in addition to mandatory contributions they make to one of the various public pension systems in the State of Ohio.

Our program offers a traditional 457 plan, and we are in process of implementing a Roth 457 option this Spring. We also allow roll-overs in of retirement funds into our plan, such as from IRAs. Additionally, we offer basic retirement planning services to our participants as discussed previously.

We would expect that a basic knowledge and understanding of our program offerings would be incorporated into financial wellness services offered. This includes a basic understanding that all of our participants are also participants in public pension systems. Our participants do not pay into Social Security as a part of their public employment, though they may have paid into Social Security separate from their public employment. Any Social Security benefits our participants receive may be reduced through certain IRS provisions. Where financial wellness advising is provided we would expect that our 457 plans would be discussed as potential supplemental retirement savings options, including the benefits of saving in a 457 plan vs. in a savings account or in another retirement plan such as a 403(b). Furthermore, we would expect our participants to be advised on the benefits of contributing to our traditional option vs. our Roth option.

Additionally, it is expected that the financial wellness provider will NOT provide investment advice.

STRS Ohio - STRS Ohio has developed several educational programs for our membership. Programs for active teachers are targeted to teachers at different stages of their career and retiree programs largely focus on healthcare plans/Medicare and various topics of interest to retirees. Past examples include, Cybersecurity, Long Term Care, Social Security, Reverse Mortgages, and Estate Planning. We often use outside speakers for the retiree meetings, the topics are often outside our area of expertise.

At this time we would expect to continue offering programs sponsored by STRS Ohio, however, we are interested in recommendations and suggestions about integrating outside services with ones we offer.

Additional Questions:

1. From an engagement standpoint, what has worked well for services already provided by the programs?

Ohio DC - Ohio DC currently provides various webinars online, retirement planning specialists, and an interactive retirement planner tool. We tend to see more interest in webinars for participants nearing retirement. We typically have lower engagement with participants in the early or middle stages of their career. According to surveys and focus groups done by our program, we have seen that in person contact provides the best value to our participants. These surveys indicate that our in-person presentations at employer locations provide a high level of value. Younger people in the program tend to be more self-directed and have less engagement. The Retirement Planning Specialist services offered by the program focus on decumulation and considering other income sources such as pension, social security, deferred compensation accounts, and estate planning. However, these services do not include items such as budgeting and debt management. Our hope in offering a financial wellness program is to round out these offerings.

STRS Ohio - STRS Ohio has experience similar results as Ohio DC. We provide various programs through group meetings, webinars, videos and individual benefit counseling. STRS Ohio has found that most members are interested in information as they approach mid to late career. The programs offered by STRS Ohio have steady participation and are evaluated favorably by the membership. STRS Ohio makes an effort to mix up programming and ensure the programming is current with industry and regulatory changes. STRS Ohio has launched a soft initiative for supplemental savings plans in an effort to engage younger members. It is important to educate people about the need for additional savings beyond their pension.

2. What is the average age of your members? What is the average age of newly enrolled members?

Ohio DC -

- Average age of actively deferring participants: 46
- Average age of all participants with an account balance: 52

- Average age of all participants at enrollment: 36

STRS Ohio - Data as of 6/30/19

- Active teachers average age is 42.4, retirees average age is 73.0.
- The average age for new full-time teachers is 32, the average age for all new members (including part-time) is 39

3. What is the ideal outcome or impact that the programs desire by offering Financial Wellness Services?

Ohio DC - We expect that our participants will receive fixed benefits from their pensions, however those fixed benefits may not be enough for our participants to fund their desired retirement. Our plan can help fill the retirement savings gap but a participant's account will be directly related to their savings levels and the outcome of their investment allocation. Little to no savings in our plan, or unforeseen emergency withdrawals negatively impact our participants deferred compensation balances. Stronger budgeting practices and higher levels of savings will help ensure our participants achieve their desired retirement goals. We can see many Ohio public employees struggling and we want to help. We are making progress in encouraging Ohio public employees participation in deferred compensation savings through auto enrollment and auto escalation of deferrals. However, from reviews of our participant account balances, their deferred compensation balances will likely not be enough to meet their goals. We want to encourage our participants to save more by assisting in improving their financial wellness (budgeting, debt management, education, etc.). We believe that if our participants have a higher level of financial wellness, that will lead them to contributing more to our programs. We serve over 1,900 employers and we are aware of very few who offer financial wellness services and believe we can help fill in the gap.

STRS Ohio - We echo our desire for many of the ideal outcomes noted by Ohio DC. Our membership is very familiar with our system and trusts our information. They look to our system for guidance, but we do not have the internal resources to provide the full financial wellness support that our members may desire. Recently our system eliminated COLAs and as a result our participants need to save more and be prepared. Financial Wellness programs will help our members do that.