



OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

Senate Bill 27 Proponent Testimony

Ohio House of Representatives Insurance Committee
Christina Elliott, Executive Director, Ohio Deferred Compensation
April 27, 2021

Dear Chairman Brinkman, Vice Chair Lampton, and Ranking Member Miranda,

On behalf of Ohio Deferred Compensation (Ohio DC), please support passage of SB 27, which will authorize automatic enrollment of new state government employees in Ohio DC. Ohio DC is a public, non-profit organization, established by Ohio statutes. Ohio DC is a supplementary savings plan funded entirely through participant fees and is separate from state retirement pension systems, as it is subject to ORC 148, and IRC 457(b) and Roth 457(b) statutes.

It is my honor to serve as the Executive Director of Ohio DC. SB 27 will further the state of Ohio when it comes to attracting and retaining talent by helping those who choose a career in public service to plan for and live in retirement. SB 27 provides the option for employers of state government employees to automatically enroll their new employees in Ohio DC. These employers would notify Ohio DC of the adoption of this feature and automatic enrollment would begin as soon as administratively practical. Ohio DC would provide notification and all necessary paperwork to employees regarding the plan going forward. Employees would then have 90 days after notice of enrollment to make an affirmative election to “opt-out” before contributions are made. Employees are free to opt out at any time and have full control over their investments in the plan.

A career in public service is honorable. The tagline for Team Ohio is that “It is More Than Just a Job!” Senate Bill 27 will benefit the valuable employees in public service and assist them in reaching their retirement goals. In 2019, the average new OPERS retiree collected \$2,406 per month or \$28,872 per year. Compared to a final average salary \$57,847, the pension replaced 49.9% of their working salary, making supplementary savings essential.

The Public Employee Deferred Compensation Program Board (the Board) would be responsible for establishing the amounts that will be contributed as well as which investment options contributed amounts will be invested in. A 13-member Board, composed of public employees, retirees, and appointed investment experts, governs the Program as required by ORC Chapter 148. The staff manages and administers Ohio DC with public employees' best interests in mind. External managers professionally manage Ohio DC's investment options. Investment options are selected and monitored by the Board and its independent investment consultant.

In 2019 Kentucky passed Auto Enrollment legislation that allows all new employees (FT) hired by the Commonwealth of KY Executive, Judicial and Legislative Branch to be automatically enrolled in the KDC 401(k) plan. Since inception, the state has seen 3,869 total participants auto enrolled, for an average of 298 enrollments per month, with a retention rate of 94%.

Ohio Deferred Compensation supports SB 27 as it will help us to improve saving rates and better partner with Ohio state employers and employees as they navigate their journey towards retirement income security. Thank you for your time and consideration.

I'm happy to address any questions the committee has.