

FAQs for HR-53 (Automatic Enrollment in Ohio Public Employees Deferred Compensation Program)

1. Why are *covered employees* being automatically enrolled in Ohio Deferred Compensation?

Senate Bill 27 created a provision in Ohio Revised Code (ORC) Chapter 148 for the auto-enrollment process to help state employees save and prepare for retirement. Experts agree that people should plan to replace about 80% of income in retirement. Ohio's public pension systems (OPERS, HPRS, LERS, SERS and STRS) replace, on average, approximately 50% of income. The Ohio Deferred Compensation (Ohio DC) Automatic Enrollment Program is a way for state employees to plan and save for the projected retirement income gap.

2. What is the purpose of the HR-53 policy?

The purpose of the policy is to establish a uniform methodology for administering the automatic enrollment of *covered employees* in Ohio DC.

3. What is an "*employing authority*" and how is it different from an "*appointing authority*"?

An *employing authority* is an entity designated by ORC 148.042 that has discretion to determine whether to participate in the Ohio DC Automatic Enrollment Program. The director of the Ohio Department of Administrative Services (DAS) is the statutorily designated *employing authority* for all state employees, except those who work for the statewide elected officeholders, the Ohio Supreme Court, or the legislature (the entities listed in the second paragraph of question 4). The DAS director elected to participate in the Ohio DC Automatic Enrollment Program.

In contrast, an *appointing authority* is the individual or body with power to appoint (or remove) public employees from their positions. For example, an agency director is often the *appointing authority* for those employed by that director's agency.

4. Who is a *covered employee*?

A *covered employee* is a person employed full-time by hire, rehire, or transfer in a position paid by warrant of the director of the Ohio Office of Budget and Management. For the purposes of HR-53, *covered employees* are only those employed by executive state agencies, boards, and commissions.

Employees of the Supreme Court, House of Representatives, Senate, Legislative Service Commission, Judicial Conference of Ohio, Joint Commission on Agency Rule Review, Joint Education Oversight Committee, Joint Legislative Ethics Committee, Joint Medicaid Oversight Committee, Secretary of State, Auditor of State, Treasurer of State, or Attorney General are

excluded from HR-53. These entities are separate *employing authorities* that have discretion regarding participation in the Ohio DC Automatic Enrollment Program.

5. What is the starting date of the Ohio DC automatic enrollment for *covered employees*?

The automatic enrollment process goes into effect for *covered employees* hired, rehired, or transferred on or after July 6, 2022. Payroll deductions for Ohio DC contributions will begin no less than 90 days after the hire date.

6. How does Ohio DC know when a *covered employee* is hired, rehired, or transferred?

On a weekly basis, DAS will provide Ohio DC a file that includes *covered employees* who have been newly hired, rehired, or transferred in the previous seven-day period of Sunday through Saturday.

7. What information do agencies need to share with newly hired, rehired, or transferred *covered employees*?

Informational materials to share with your newly hired, rehired, and transferred *covered employees* are available in the resources section of Ohio DC's employer webpage at <https://ohiodc.org/automatic-enrollment>. Ohio DC will mail notifications regarding the automatic enrollment process including the first contribution pay date, contribution amount, SMarT (Save More Tomorrow) increase, and the deadline to decline enrollment directly to all newly hired, rehired, and transferred *covered employees*.

8. Can a *covered employee* opt-out of the automatic enrollment?

Yes. Notifications sent to *covered employees* by Ohio DC will include information on how to opt out of auto-enrollment. Employees who opt out will receive an email confirmation, from Ohio DC, of their decision to opt out.

9. What happens if an employee misses the deadline to opt out of auto-enrollment?

If an employee misses the deadline for opting out of auto-enrollment, they will be enrolled in Ohio DC. If the employee believes their auto-enrollment was completed in error or they would like to discontinue their Ohio DC participation, they must contact Ohio DC directly to discuss their situation.

10. How much is the contribution each pay?

The Ohio DC Board set the initial auto-enrollment contribution amounts as \$25/biweekly or \$50/monthly.

11. Can *covered employees* contribute more than the \$25/biweekly or \$50/monthly?

Yes, employees can customize their Ohio DC enrollment through the website, Ohio457.org. Customization options include a different contribution amount, starting contributions sooner than the 90 days, and changing the SMarT increase amount or month.

12. What is the SMarT (Save More Tomorrow) Automatic Increase plan?

Another tool to help employees prepare for retirement, the Ohio DC SMarT plan provides for annual automatic increase of contributions. For auto-enrolled employees, the first annual increase will be in July 2023 and contributions will increase by \$30/biweekly or \$60/monthly, making the total contribution in the second year \$55/biweekly or \$110/monthly. Employees have the option of changing the SMarT increase amount or month at Ohio457.org. These amounts were chosen after significant research and deliberation by the Ohio DC board because they offered a high probability of improving retirement outcomes for a large portion of the State employee population.

13. Will all newly hired, rehired, and transferred *covered employees* be automatically enrolled in Ohio DC?

The automatic enrollment, pursuant to policy (HR-53), is only applicable to **full-time permanent and fixed term** employees. Agencies should continue to provide the [Ohio DC opt in/out](#) form to other newly hired, rehired, and transferred employees (e.g., part-time, seasonal, etc.) who are not covered by the HR-53 policy. Transfer and re-hire scenarios that may or may not result in automatic enrollment are described below.

14. If a *covered employee* who is a current Ohio DC participant is hired, rehired, or transferred on or after July 6, 2022, will their Ohio DC contributions be impacted by the automatic enrollment?

No, contributions for employees who are participating in Ohio DC will not be impacted by the new automatic enrollment. If a current Ohio DC participant takes a new job with a different *appointing authority*, the participant's DC contributions will not change. Current Ohio DC participants will continue to visit the Ohio DC website (Ohio457.org) to make changes to their contributions and investment options.

15. What are the criteria that determines whether a transferring employee will be auto enrolled?

In order to be auto enrolled, a transferring employee must meet all these criteria:

- Not actively contributing to Ohio DC.
- Transferring to a new *employing authority*.
- The new *employing authority* elected to participate in the Ohio DC Automatic Enrollment Program.
- The employee is a full-time, permanent employee. For such employees, the Appointment Type must be either: P – Permanent, or A – Fixed-Term Salaried.

If the employee's circumstances match any of the following, he/she will not be auto enrolled:

- Actively contributing to Ohio DC.
- Transferring to job that is covered by the same *employing authority*.

- Transferring to a job that is covered by an *employing authority* that did NOT elect to participate in the Ohio DC Automatic Enrollment Program.
- Not a full-time, permanent employee with either of the following Appointment Types: P – Permanent, or A – Fixed-Term Salaried.

16. What happens when an employee is rehired?

A rehire is treated the same as a new hire for purposes of auto enrollment. If the employee is hired by a participating *employing authority*, the employee will be auto enrolled even if they opted out during their previous employment.

17. If an employee changes from a part-time or temporary appointment type (e.g., intermittent, seasonal, etc.) to a full-time position, will the employee be automatically enrolled in Ohio DC?

Yes, an employee who changes from a part-time or temporary appointment to a full-time position will receive automatic enrollment notifications from Ohio DC. However, an employee hired into an appointment type other than full-time permanent or fixed-term salaried will not go through the Ohio DC automatic enrollment process.

18. What investment option will be used for *covered employees* who are automatically enrolled?

Employee contributions will be invested in the LifePath Portfolio, which is a target date fund, closest to the year the employee turns age 65. Employees can personalize their investment options and make changes at any time after their account has been established, by visiting the Ohio DC website at Ohio457.org.