The Ohio
PERSonal INVESTOR

FIRST QUARTER
2010

In this issue

Take a fresh look at your Plan account this spring

Now that you've finished organizing your finances and documents for filing your income tax return, isn't it time to do the same for your OPERS account? To help keep your account in order, here are some steps that you might want to consider.

Step 1 Update your beneficiary information.

How long has it been since you looked at your Plan beneficiary designation? In the event of your death, you want to be certain that your Plan benefits are paid to the person or individuals you intended. Relationships, laws, and your health can change. If your beneficiary designation no longer reflects your current wishes, it may be time for an update.

You can check or change the beneficiary designation for your Plan account online or by telephone. Go to the ***My Benefits System*** at **www.opers.org**, click on the ***Login*** link on the home page, and follow the instructions. Or call the OPERS Member Services Center at **(800) 222-7377**.

Step 2 Assess your situation and investments.

It's important to review your account balance and investments periodically. You want to be certain that your investment strategy and investments are appropriate based on the number of years you have left until retirement.

Review your statements carefully and check your account online at **www.opers.org**. There are tools on the Plan Web site to help you take stock of your situation and adjust your account if necessary. You can rebalance your account's investments automatically using the ***automatic rebalancing*** feature. When you activate this feature, your account is rebalanced according to your desired asset allocation mix using the same percentages as you have directed for your future contributions.

You can turn on this feature by going online to **www.opers.org**. Log onto the ***My Benefits System***. Click on the link to view your account, go to the ***Manage Investments*** tab, and select ***Rebalance Account***. While you may use rebalancing as part of your investment strategy to help manage risk, it doesn't assure better performance and can't prevent losses in declining markets.

Step 3 Ask questions and get help.

OPERS offers an educational online video, *Managing Your OPERS Account — A Workshop*, for Plan participants on the OPERS Web site at **https://www.opers.org/seminars/video/m-managing.shtml**.

The OPERS Help Line is staffed with representatives ready to answer questions about your Plan account information and management. Call the OPERS Help Line at **(866) OPERS-4-U** (1-866-673-7748), Monday through Friday, 7:30 a.m. – 5 p.m.

After a long winter, spring awakens new possibilities. Let the change of seasons renew your interest in your retirement future. Consider taking full advantage of the resources offered by OPERS.

Account access reminder

You will be unable to access your Plan account while routine maintenance to the OPERS My Benefits System and the OPERS Help Line is completed.

System maintenance will take place on weekends in order to minimize disruption in accessing your account. For calendar year 2010, maintenance will occur during the following times:

- Friday, April 23, 11:59 p.m. until Monday, April 26, 6 a.m. (Eastern Time)
- Friday, September 24, 11:59 p.m. until Monday, September 27, 6 a.m. (Eastern Time)

Assessing where you stand

The recession and market swings have caused many investors to question their investment strategies. You may want to review the possible benefits of rebalancing your retirement account investments with your financial adviser — and avoid trying to time the market.

When the market is volatile, it could be tempting to cash out of stocks and jump back into the market later when times are better. The trouble is, even seasoned investors prove time and again that no one can reliably predict when stock prices will rise.

A recent study by market research firm DALBAR, Inc., found that fund investors' returns dramatically lag the broad market, primarily because they choose the wrong times to jump into and out of stocks. For the 20-year period ending December 31, 2008, investors earned an average annual return of just 1.9 percent, compared with 8.4 percent for the S&P 500 Index.[1] With this in mind, you may consider "staying the course" instead of attempting to time the market.

Stocks' poor performance over the last decade means your Plan account's equity allocation is probably smaller than it was originally. If you have too little invested in stocks, you may not benefit fully from any rebound that could occur, potentially making your portfolio more conservative than you intended and reducing its long-term returns.

One possible solution to consider: Compare your account's original target asset allocation with its current allocation. If there's a difference, you may need to rebalance. Rebalancing could help restore your portfolio's allocations to your original investment strategy. Reviewing your strategy with your financial adviser can help you determine if any changes are necessary.

Take advantage of your Plan's options for rebalancing by phone or online to help you maintain your asset allocation on an ongoing basis.

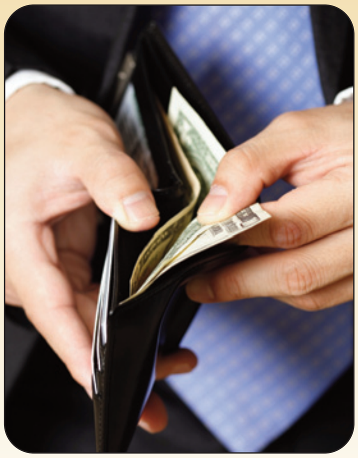
Although you may use rebalancing and asset allocation as part of your investment strategy to help manage risk, neither assures nor guarantees better performance and can't prevent loss in declining markets.

Remember: Regardless of market conditions, a solid investment strategy helps you structure, and hopefully maintain, an account that can manage market swings.

[1] DALBAR, Inc., *"2009 Quantitative Analysis of Investor Behavior."* The Standard and Poor's 500 Index follows 500 of the largest U.S. companies. An index is not managed and cannot be invested in directly.

What's the difference between a tax-free and a tax-deferred account?

Tax-free and tax-deferred accounts offer ways to save for retirement, although each has different advantages.



You fund a tax-free account with after-tax dollars. In the future, you pay no taxes on what you withdraw from the account as long as certain qualifications are met. Take a Roth IRA, for example. Your Roth contributions don't reduce your taxable income, but your withdrawals are tax-free if you hold the account for at least five years and you are over age 59½. There's no deadline for taking withdrawals from a Roth IRA. If you wish, you never have to take any withdrawals and can leave the entire account to your heirs.

A tax-deferred 457 Plan account gives you an immediate tax break because your taxable income is lowered by the full amount of your contributions. In addition, the investments in the account are allowed to compound untaxed until distributed. When you take a withdrawal or receive a distribution from the account, you pay taxes on the amount. Keep in mind that you may be in a lower tax bracket after you retire. You can't postpone withdrawals from a tax-deferred account indefinitely. Tax laws require you to take annual withdrawals known as Required Minimum Distributions in the year you reach age 70½, or in the year you retire, whichever is later.

Talk with a tax attorney and a financial professional before making investment decisions.

Test your knowledge of risk

True or false:

1. The right investment strategy can eliminate risk altogether.

2. Investing in stock mutual funds in retirement is too risky.

3. Dollar-cost averaging is a form of diversification.

Answers:

1. **False.** You can't invest without taking on some form of risk, whether it is market risk (the chance a drop in the overall market will negatively affect your funds), inflation risk (the chance that your savings won't keep up with the rising cost of living), interest rate risk (the chance that changing interest rates depress the value of your investments) or credit risk (the chance that a bond-issuer defaults). However, you can attempt to manage risk in your account.

2. **False.** Stock mutual funds do carry risk, but there are other risks if you don't invest in these options such as outliving your nest egg. Long-term savers and retirees who invest too conservatively may need to reconsider their "defensive" investment strategy. Historically, stocks have tended to bring greater returns than bonds and cash funds,[1] which may help investors reach their retirement goals. Also, there is the potential of risk reduction when you invest your money in a mutual fund that invests in hundreds or thousands of different stocks. That's automatic diversification.

3. **False.** Dollar-cost averaging is an investment technique that can help manage risk. By making set contributions into an investment account on a regular basis (by automatically having money taken out of your paycheck and invested), you buy more shares when prices are low and fewer shares when prices are high. As a result, you may ride out any price fluctuations that come your way. Systematic investing also may help reduce the stress of deciding how much money to invest and where to invest it. Of course, systematic investing does not ensure a profit or guarantee against loss in declining markets. Diversification is a different investment technique that involves investing in different types of investments to help reduce risk, but it also cannot protect against losses in down markets.

[1] Ibbotson Associates' *Stocks, Bonds, Bills and Inflation 2007 Yearbook: Market Result for 1926–2007.* Past performance is no guarantee of future results.

retiree corner

Financial planning after you retire

During your working career, you may have done all or most of your own financial planning. As a retiree, you might benefit from getting some professional advice.

Retirement financial planning may not be something that you have done before — and you are likely to live in retirement for a long time. An adviser who specializes in issues affecting retirees could help you anticipate and plan for different scenarios, such as:

- Choosing different types of investments to help your money outlast you
- Withdrawal strategies to help make your retirement assets last longer
- Managing or reducing taxes on your retirement income
- Financing health care in the later years of your retirement
- Estate planning to accomplish what you hope for your heirs

In evaluating advisers, you may want to ask about their:

- Years of experience
- Expertise in financial planning for retirees
- Credentials and specialized training

Check with your Plan to learn about resources available to retirees. Ask your attorney or tax adviser to recommend names of retirement financial planners. Or you could try the ***Locate an Advisor*** feature on the Certified Retirement Financial Advisors, Inc., education program Web site at **http://www.crfa.us**.

You should review the *Investment Options Disclosures* document before making any investment decisions.

Ohio PERS Investment Options
Fund and Portfolio Returns
March 31, 2010

	Asset Class	Year-to-Date 03/31/10	Last Month 03/31/10	Prior 3 Months 03/31/10	Prior 6 Months 03/31/10	Calendar Years 2009	2008	2007	2006	2005	1-Year Ending 03/31/10	3-Years[1] Ending 03/31/10	5-Years[1] Ending 03/31/10	Expense Ratio
OPERS Target Date Funds														
Target Payout Fund	PO	2.55%	2.44%	2.55%	5.00%	16.44%	-14.63%	6.26%	9.20%	6.00%	23.19%	2.10%	4.66%	0.21%
Target 2010 Fund	10	2.86%	2.68%	2.86%	5.61%	18.21%	-19.97%	7.16%	11.34%	7.10%	27.13%	0.74%	4.57%	0.20%
Target 2015 Fund	15	3.26%	3.76%	3.26%	6.59%	21.14%	-28.36%	7.96%	14.18%	8.63%	34.00%	-1.82%	3.91%	0.20%
Target 2020 Fund	20	3.83%	4.95%	3.83%	7.75%	25.81%	-33.50%	8.72%	15.97%	9.37%	43.00%	-2.67%	3.93%	0.19%
Target 2025 Fund	25	4.14%	5.89%	4.14%	8.46%	28.98%	-36.27%	8.90%	16.98%	9.73%	49.14%	-3.12%	3.92%	0.19%
Target 2030 Fund	30	4.20%	6.08%	4.20%	8.64%	29.44%	-37.15%	9.02%	17.37%	9.93%	50.28%	-3.41%	3.85%	0.19%
Target 2035 Fund	35	4.25%	6.23%	4.25%	8.73%	29.72%	-37.76%	9.08%	17.72%	10.11%	51.17%	-3.63%	3.81%	0.19%
Target 2040 Fund	40	4.23%	6.38%	4.23%	8.76%	30.09%	-38.52%	9.32%	18.14%	10.38%	52.03%	-3.88%	3.79%	0.19%
Target 2045 Fund	45	4.25%	6.70%	4.25%	8.89%	30.51%	-39.42%	9.43%	18.52%	10.65%	53.14%	-4.21%	3.69%	0.19%
Target 2050 Fund	50	4.25%	6.68%	4.25%	8.88%	30.53%	-39.39%	9.43%	18.52%	10.65%	53.11%	-4.19%	3.70%	0.19%
OPERS Funds														
Stable Value	SV	0.93%	0.32%	0.93%	1.90%	3.20%	4.00%	4.44%	4.48%	4.23%	3.48%	3.82%	4.05%	0.23%
Bond	GB	2.78%	0.49%	2.78%	4.57%	17.67%	-5.26%	4.14%	4.82%	2.74%	19.29%	5.50%	5.26%	0.20%
Stock Index	SI	6.03%	6.33%	6.03%	12.29%	28.35%	-37.17%	5.18%	15.70%	6.15%	52.65%	-3.88%	2.46%	0.03%
Large Cap	LC	6.28%	6.23%	6.28%	13.13%	28.73%	-38.02%	3.30%	11.54%	6.32%	53.26%	-4.37%	1.08%	0.05%
Small Cap	SC	9.08%	8.22%	9.08%	13.35%	27.16%	-33.27%	-3.14%	14.88%	7.99%	63.47%	-4.18%	2.94%	0.08%
Non-U.S. Stock	NU	1.92%	7.68%	1.92%	6.01%	35.90%	-48.85%	17.21%	25.26%	16.08%	58.35%	-7.26%	3.92%	0.32%

Benchmarks for the above Funds are available at www.opers.org.
The inception date for OPERS Funds is 12-27-02. The inception date for OPERS Target Date Funds is 9-25-08 with returns for prior periods being calculated from returns of the OPERS Funds allocated according to prescribed target allocations. See the Investment Options Guide for details about investment managers, target allocations and expected fees. Total returns are net of investment management fees.
1. 3-Year and 5-Year investment returns are annualized.

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quarterly calendar

The New York Stock Exchange is closed:

- **Monday, May 31, 2010**
- **Monday, July 5, 2010**

Transactions made on these days will be processed the following business day.

Program Web site: www.opers.org

Benefits questions and personal data changes: 1-800-222-PERS (7377)

Account information and management: 1-866-OPERS-4-U (1-866-673-7748)

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