

IMPORTANT CHANGES COMING TO THE OPERS INVESTMENT OPTIONS

Target Date Funds to be introduced in October

Beginning October 1, 2008, changes will be made to the OPERS Investment Option lineup.

10 new target date funds will be added October 1, 2008

The three Pre-Mixed Portfolios (Conservative, Moderate and Aggressive) will be eliminated December 1, 2008

Introducing the OPERS Target Date Funds

The OPERS Board of Trustees is making these changes to continue to offer the best investment options for our Member-Directed and Combined Plan participants.

Target date funds offer a simple solution to those of you who don't want to pick your own mix of individual OPERS funds or actively manage the allocation of your funds throughout your career. They are easy to use because they automatically select the asset allocation of OPERS funds that is suitable for you based on your "target" retirement date or the date you plan to start taking distributions from your account. Like the current Pre-Mixed portfolios, they offer a mix among stocks, bonds and other investments; they are convenient because the asset allocation automatically changes and becomes more conservative as you near retirement.

Target date funds are a one-stop investment option for your long-term retirement planning. You simply pick the fund with the date in the name that's closest to the year you expect to start taking distributions from your individual account. You make the election — we do the rest. The investment mix changes automatically over time — you won't have to do a thing. We still encourage you to review your individual account on a regular basis, especially if a life-changing event (birth or adoption of a child, your marriage or divorce) occurs that might cause you to consider working longer.

For example:

If you are 37 years old and expect to retire in 25 years at age 62, your retirement year would be approximately 2033. The OPERS Target Date 2035 Fund is closest to when you expect to start withdrawing money from your individual account. This fund would provide you with an appropriate and simple investment strategy for your time horizon. ●

Workshop News

Learn more about investing and managing your account at the new one-hour format of **Managing Your Individual OPERS Account — A Workshop**.

During the workshop, OPERS education staff will provide investment education and discuss tools and resources available to help Member-Directed and Combined Plan participants manage their individual OPERS accounts. Participants will learn different ways to help them manage risk in their individual accounts. Participants will also learn about the OPERS Investment Options and how to choose the investment option(s) suitable for their individual goals. During these interactive workshops, participants can also benefit by having their questions answered by OPERS staff, as well by learning from other participants' questions. ●

Web Workshops
(live & interactive)

12:00 noon (EST)
Wednesday
July 23, 2008

To register, go to
<https://www.opers.org/seminars/web/managing.shtml>

You also can check for upcoming workshops at www.opers.org. Click on "Sign up for a Seminar" in the "Members" section on the home page.

More Information Coming Soon

You will receive specific information about how this change may affect your individual account. Watch for details about the transition to the target date funds in special mailings, upcoming newsletters and at www.opers.org

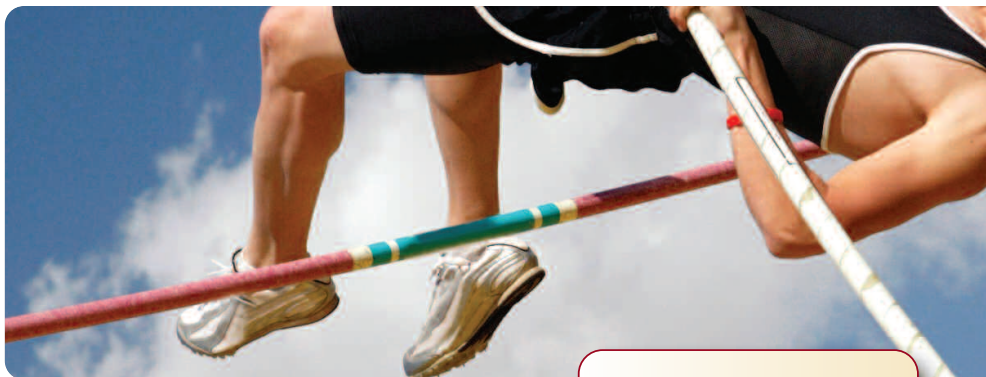
No Guts, No Glory

An Olympic pole vaulter uses strength and momentum with every attempt at soaring over the highest crossbar. Retirement savings plan participants also have to be willing to assume some risk in seeking attractive returns over the long term. They know they can't have the reward without taking some risk.

Of course, most of us aren't cut out to be gold medalists. And you probably don't want the high anxiety that comes with aiming for the highest possible investment return. However, you have to be prepared to take some risk when you invest in your retirement plan if you want your money to grow enough to vault over inflation's bar.

In fact, the biggest risk for a long-term investor may be to take no risk at all. That's because if an investment is unlikely to lose value it's also unlikely to gain value, and may not be able to keep you ahead of inflation.

So, how do you aim for inflation-beating growth in your retirement plan without taking on more risk than you can tolerate? The key is to consider investing in a diversified selection of assets. Different kinds of stock funds, bond funds, balanced funds, money-market and stable value funds are subject to different kinds of risk. Therefore, they tend to behave differently under the same economic conditions.



With diversification, there's a better chance that at least one or two of your retirement plan investments will be doing well, even if the others aren't. Also, the consistent returns of some can offset the losses of another.

Balancing different kinds of risk may still sound kind of risky to you. But remember: you may not be able to avoid risk completely in your retirement savings plan and still expect to achieve your goal of securing your financial future. ●

did you know?

Inflation is a continuing rise in prices while the value of money goes down.



The Financial Dynamic Duo — Asset Allocation and Diversification

A time-tested strategy for managing risk

When you think of dynamic duos you may think of Batman and Robin, Abbott and Costello, or Laverne and Shirley. But do you ever think about asset allocation and diversification? This duo just might be the most important one for you to get to know as you plan for a successful retirement.

Asset allocation is the process of choosing in which of the asset classes to invest (stocks, bonds, and cash) and how much to invest in each.

Diversification is when you spread your savings across various types of investments (stocks, bonds and cash) and in different types of investments within those asset classes (large-cap, small/mid-cap, international, and domestic funds).

By spreading out your investments, you avoid the pitfall of having all of your investments react to market changes the same way. The idea is to combine different investment types to create a portfolio that helps to lower your risk and increase your chances of success over

the long term. The investments you select should reflect your long-term goals, your ability to tolerate risk, and your time horizon.

When it comes to investing for retirement, risk and reward go hand-in-hand. What many people have learned is that if their time horizon is longer, they are more comfortable taking on more risk and investing more aggressively since they have time to wait out the inevitable fluctuations of the markets. But, if you're nearing retirement and have a shorter time horizon, just the opposite might be true. Determining your asset allocation mix and diversifying your investments are important steps to take toward reaching your financial goals. ●



Recession Lesson

Q What is a recession?

A The government relies on a private group — the National Bureau of Economic Research (NBER) — to make the official call on when recessions start and when they end. NBER defines a recession as a significant decline in activity spread across the economy, lasting more than a few months and marked by widespread contractions in many sectors of the economy. What NBER looks for are steep declines in both factory production and jobs, in consumer income, and in sales by wholesalers and retailers. If there are sharp declines in all those indicators, the economy is most likely in a recession.¹ With substantial declines visible in all those indicators, NBER determined that the economy fell into the first recession in 10 years in March 2001.² The recession ended in November 2001.

Q How long does a recession typically last?

A There's no such thing as a typical recession. There have been 32 recessions since economists first started tracking them in 1854. The worst lasted 65 months, from 1873-79. The recession of 1980-81 lasted just six months. The Great Depression involved two recessions — one from August 1929 to March 1933, and another from May 1937 to June 1938. The average recession since 1854 has lasted 16.7 months — and since World War II, the average has been 10.4 months.³

Q What are the signs that a recession is over?

A If NBER concludes that sharp declines in factory production and jobs signal the start of a recession, it figures that gains in factory production and jobs indicate that the recession has ended.

Since NBER also watches consumer incomes and spending with wholesalers and retailers, it also figures that gains in both are further evidence that the recession is over. But the easiest way to look over the economic horizon is to follow the leading economic indicators: A private economic group called The Conference Board reports on 10 economic indicators that typically react before the overall economy does.³ If the indicators gain for three straight months, it's a good sign the recession is ending. One leading indicator is stock prices, as measured by the Standard & Poor's 500 Stock Index. Once the stock market stages a strong and sustained rally that lasts more than a few weeks, it's likely the recession is about to end. ●

Finding Happiness in Retirement

Recent surveys show that many baby boomers plan to work after retirement.

The majority plan to work part-time — some in new careers and others as volunteers. What's key is staying active and involved. The benefits can be significant. Researchers have found that people who work at least a few hours a week during their retirement years live healthier and longer than those who don't.

Here are some resources that may help you find your niche:

- **SeniorCorps.org:** The Corps taps the skills, talents and experience of those over age 55 and connects them with the people and organizations that need them most. Ninety-four percent of Corps volunteers report that their service has improved their knowledge, health, or social connectedness.
- **Seniors4Hire.org:** A job-search site that offers job seekers age 50 and older access to jobs from businesses that actively recruit and hire older workers and retirees.
- **RetirementJobs.com:** A job-search site that brings together mature workers with companies who seek them. You can also post your resume online for companies to find you.
- **RetiredBrains.com:** A job-listing and resume-posting site for older workers and retirees looking for jobs and volunteer opportunities.
- **My Next Phase (www.mynextphase.com):** This fee-based retirement counseling firm provides a personality test as well as coaching, seminars and Web-based programs to help retirees find their passions.

NOTE: If you're thinking about re-employment, be sure to ask your employer if there are any policies or restrictions to your retirement benefits if you continue working.

Recession or not — Maintain contribution consistency

Stopping your additional contributions because times may be tough right now could end up being costly in the long run. Every day out of the market is a missed opportunity that could impact your chances of reaching your retirement goals. By staying disciplined you have a better chance of balancing investments made during periods of rising prices with those made when prices are lower. If history does repeat itself, the markets will bounce back. In fact, this might be the time to increase your contributions to accumulate more shares during a time when prices are lower.



¹ *Recession Dating Procedure*, NBER, October 21, 2003

² *U.S. Business Cycle Expansions and Contractions*, NBER, November, 2003

³ *The Conference Board press release*, October 20, 2003





Ohio PERS Investment Options
Total Returns
June 30, 2008

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

	Asset Class ⁴	Year-to-Date 06/30/08	Last Month 06/30/08	Prior 3 Months 06/30/08	Prior 6 Months 06/30/08	Calendar Years						1-Year Ending 06/30/08	3-Years ⁶ Ending 06/30/08	5-Years ⁶ Ending 06/30/08	Expense Ratio
						2007	2006	2005	2004	2003					
OPERS Pre-Mix Portfolios															
Conservative	CB	-2.78%	-2.40%	-0.09%	-2.78%	4.66%	8.27%	4.88%	6.95%	13.42%	-1.59%	4.36%	5.69%	0.20%	
Moderate	MB	-6.36%	-5.02%	-0.66%	-6.36%	5.20%	11.51%	6.38%	9.28%	21.77%	-6.36%	5.01%	7.36%	0.18%	
Aggressive	AB	-8.53%	-6.51%	-0.78%	-8.53%	5.65%	13.94%	7.42%	10.78%	28.09%	-9.37%	5.58%	8.64%	0.18%	
OPERS Funds															
Stable Value															
Bond	SV	2.08%	0.33%	1.04%	2.08%	4.4%	4.48%	4.23%	4.13%	3.99%	4.29%	4.39%	4.27%	0.23%	
	GB	-0.65%	-0.32%	-0.34%	-0.65%	4.14%	4.82%	2.74%	5.24%	6.30%	2.36%	2.79%	3.52%	0.20%	
Stock Index															
Large Cap	SI	-11.03%	-8.26%	-1.72%	-11.03%	5.18%	15.70%	6.15%	11.96%	30.80%	-12.67%	4.75%	8.38%	0.03%	
	LC	-12.07%	-8.35%	-2.19%	-12.07%	3.30%	11.54%	6.32%	9.34%	29.61%	-13.96%	2.18%	6.33%	0.21%	
Small Cap	SC	-8.83%	-7.79%	0.55%	-8.83%	-3.14%	14.88%	7.99%	12.78%	48.45%	-16.99%	3.09%	9.02%	0.24%	
Non-U.S. Stock	NU	-9.33%	-7.77%	0.81%	-9.33%	17.21%	25.26%	16.08%	17.07%	37.49%	-6.37%	16.05%	18.02%	0.32%	
Custom Benchmarks															
Conservative Index ¹	CB	-2.49%	-2.50%	-0.50%	-2.49%	6.11%	8.68%	4.43%	6.33%	12.37%	-0.19%	5.03%	5.74%		
Moderate Index ²	MB	-6.04%	-4.95%	-0.86%	-6.04%	6.43%	12.48%	5.92%	9.48%	21.11%	-5.21%	5.73%	7.71%		
Aggressive Index ³	AB	-8.33%	-6.57%	-1.06%	-8.33%	6.52%	15.34%	7.00%	11.99%	27.92%	-8.55%	6.29%	9.24%		
Underlying Benchmarks⁵															
Stable Value Index															
Bond Index	SV	1.20%	0.18%	0.31%	1.20%	5.00%	4.85%	3.06%	1.33%	1.15%	3.63%	4.27%	3.18%		
	GB	0.84%	-0.29%	-0.81%	0.84%	6.52%	4.98%	2.73%	4.95%	5.84%	6.24%	4.16%	4.16%		
Stock Index	SI	-11.05%	-8.25%	-1.69%	-11.05%	5.13%	15.74%	6.14%	11.94%	31.04%	-12.68%	4.73%	8.38%		
Large Cap Index	LC	-11.21%	-8.31%	-1.90%	-11.21%	5.77%	15.46%	6.29%	11.38%	29.90%	-12.38%	4.80%	8.22%		
Small Cap Index	SC	-9.38%	-7.70%	0.58%	-9.38%	-1.55%	18.35%	4.56%	18.32%	47.25%	-16.19%	3.79%	10.29%		
Non-U.S. Stock Index	NU	-10.17%	-8.22%	-1.13%	-10.17%	16.66%	26.65%	16.62%	20.90%	40.72%	-6.64%	15.67%	18.92%		

OPERS Investment Options inception date was 12-27-02. See the Investment Options Guide for details about investment managers, target allocations, and expected fees. Total returns are net of investment management fees.
 1. Custom index of underlying benchmarks with same target allocation as OPERS Conservative Portfolio.
 2. Custom index of underlying benchmarks with same target allocation as OPERS Moderate Portfolio.
 3. Custom index of underlying benchmarks with same target allocation as OPERS Aggressive Portfolio.
 4. Asset Classes suggest which benchmark to compare with each investment Option. CB-Conservative Balanced, MB-Moderate Balanced, AB-Aggressive Balanced, SV-Stable Value, GB-Global Bond, SI-US Stocks Indexed, LC-Large Cap, SC-Small Cap, NU-Non US Stocks.
 5. Stable Value Index-Merrill Lynch 3-Month T-Bill, Bond Index-Lehman Brothers Universal, Stock Index-Russell 3000®, Large Cap Index-Russell 1000®, Small Cap Index-Russell 2000®, Non-U.S. Stock Index-MSCI ACWI, U.S.
 6. 3-Year and 5-Year investment returns are annualized.

FSP0H



quarterly calendar

The OPERS office will be closed on the following days:

- Monday, September 1, 2008
Transactions made on this day will be processed the following business day.
- Monday, October 13, 2008
The OPERS Help Line will be available and transactions will be processed the same 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)

This newsletter is intended for the use of plan participants and is not intended to constitute investment advice. Comments on investment strategies or on the performance of various investments or markets in this report are intended to provide general information only. They should not be interpreted as encouraging participants to make any particular investment decision. You should consult a financial advisor or attorney as to how this information affects your particular circumstances. © 2008 CitiStreet, LLC. All Rights Reserved.