

Morningstar fund profiles: look before you invest

There's one convenient place to get information about the OPERS investment options and how they compare with similar funds: Morningstar fund profiles.

OPERS partners with Morningstar® Inc., a leading provider of independent investment research, to provide profiles for the OPERS investment options. Updated quarterly, these one-page sheets present important facts in a familiar format.

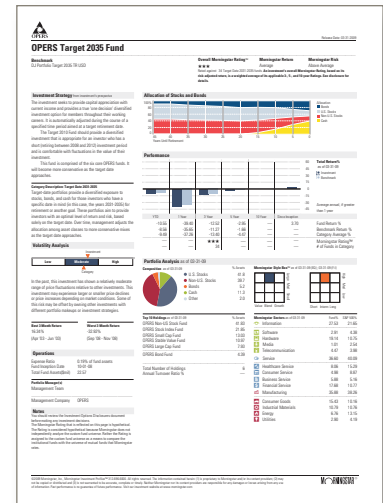
Investment objective. At the top, you will read about the investment's goals and the strategy to pursue those goals. There are details about the fund's investments, investing risks to be aware of, and how much fluctuation in returns an investor can expect.

Fund style and rating. Midway on the right side of the profile, you will see the Morningstar® Style Box™ that answers questions about what's in an investment's portfolio: Are the companies large or small and value or growth-oriented? Do the

bonds have long or short maturities? Are they of high or low quality? The Morningstar Rating™ measures risk-adjusted returns relative to other investments in the same category. The OPERS funds receive one to five stars based on how they ranked compared to the other investments in the category.

Performance. In the middle section, charts and tables display the performance data for the OPERS investment option compared with its market benchmark. The OPERS investment option's volatility, or risk, is measured and displayed alongside the category's average risk level.

The fund profile also includes information about the expense ratio, underlying composition, top 10 holdings, and total fund assets. ●



In addition to reading the Morningstar fund profiles, you should read the OPERS Investment Options Disclosures document before investing.

The latest profiles are released about a month after each quarter ends. Go to <https://www.opers.org/investments/defined-contribution/morningstar-profiles.shtml>.

A strategy to help you stay on track

Don't let Wall Street's drops persuade you to stop saving for retirement. During periods of extended market fluctuations, dollar-cost averaging can be a helpful strategy to maintain investing discipline.

Dollar-cost averaging means investing the same amount of money at regular intervals. You are already taking advantage of dollar-cost averaging by having your contributions deducted from your paycheck.

When the market and investment prices are down, your contributions buy more shares in the investment options in your Plan account. When the market and investment prices are up, your contributions purchase fewer shares. Over time, the result is a lower average cost per share.

While dollar-cost averaging does not guarantee a profit or protect against loss, it can help you:

- Be consistent.
- Focus on the long term.
- Potentially lower the cost of investing.
- Cushion the impact of wide share price swings.

Disciplined saving over time — and periodically reviewing your contribution amount — may put you in a better position to reach your retirement objectives. ●

Stay the course

The arrival of summer means 2009 is halfway over. It's been a tough year, but hang in there. Continue to tune out the "investment noise" from market downturns, hot trends on TV and in magazines, and investing tips from friends and relatives. Instead, focus on what experts say: Be patient. Ignore short-term market fluctuations. Invest in a diversified mix of high-quality investments. Stay invested for the long term, and let time help your OPERS assets accumulate. For other tips about investing for retirement, go to the OPERS Web site, or www.yourmoneynowonline.org or www.dol.gov.

Your best defense: investing during a recession

Today's markets can test an investor's patience. Three steps can help you stay confident while investing for your retirement.



1 Don't miss the potential rebound.

Historically, stocks have recovered from short-term declines. Despite 2008's 37% decrease, Standard & Poor's 500 Index¹ posted a 10% annualized gain during the last 25 years through December 31, 2008.²

In fact, short-term declines aren't the biggest risks to investors — rather, it's inflation. If your investments grow at a rate that is less than the rate of inflation, you can lose purchasing power. For your portfolio to potentially grow, your returns must exceed the inflation rate. Stocks' returns have outpaced inflation by an average 6.2% a year since 1945.² So try to think of any short-term decline as an opportunity to buy investments at low prices.

2 Maximize your savings.

Uncertainty in a recession may lead some individuals to cut back on saving and investing and wait for good times to return. However, this reaction ignores the reality that it takes years of steady saving and careful investing to accumulate assets to generate enough after-tax, after-inflation income for a long, comfortable retirement.

Continue to save and invest for the long term. If you can afford to, consider increasing the amount you set aside each year or whenever you get a raise.

3 Choose the right mix.

Diversifying your investments can help you create a portfolio that may be better able to withstand market fluctuations, although it does not assure a profit or protect against loss in declining markets.

The way you invest depends on your age, objectives, and comfort with investment risk. For instance, people close to retirement often seek a lower-risk mix of investments but still hold a smaller allocation of stock investments for potential growth to help their savings last for decades. ●

¹ The S&P 500 Index tracks the stocks of 500 widely held U.S. corporations, representing more than 70% of the value of the U.S. stock market. Investors cannot directly purchase or invest in an index.

² Ibbotson Associates, a Morningstar company. Data as of February 2009.

Out from under

Are you swamped with credit card debt? There is no investment strategy anywhere that pays off as well — and with less risk — as eliminating high-interest debt.

Reducing high-interest credit card balances as quickly as possible is one of the wisest things you can do under any market condition. What you save on monthly credit card payments frees up money for other uses, such as adding to your retirement plan accounts.

Prioritize your payments

Write down the balance you owe, the interest rate you pay, and your credit limit on each credit card. Then create a repayment schedule. Concentrate on paying off the card that charges the highest rate first. Focus, too, on getting your outstanding balance on each card well below the credit limit to lessen your vulnerability to over-the-limit fees. Note: Never miss a payment. If you do, your interest rate may be raised on that card and others after credit card companies review your credit history.

Look for a lower rate

Consider transferring your balances to a lower-rate card. You can do side-by-side comparisons of other cards on www.cardratings.com, www.bankrate.com, and www.creditcards.com. Be sure to check the transfer fees. If you find a low advertised rate, note how long the low rate lasts and make sure you qualify. Sometimes, it will depend on your credit rating.

Turn over a new leaf

Limit use of credit cards while paying off your debt. If you can, consider making all purchases with cash. Experts say no one needs more than two or three credit cards. But keep your oldest card: this can help your credit score by showing how long you've had credit. When you're debt-free, save for the long term by increasing the amount you contribute to your retirement plan accounts. ●

Go green and keep more green

Going green to help the environment makes life better for you and future generations. And cutting expenses can produce extra cash that could go toward your retirement savings.

Here are some simple things you can do to save money and the environment.

- Set your thermostat a few degrees higher to save on cooling costs this summer.
- Replace older incandescent bulbs with compact fluorescent light bulbs (CFLs).
- Unplug appliances and shut off lights when you're not using them.
- Wash clothes in cold water and hang laundry to dry outside to lower energy costs.
- Take shorter showers to reduce water use and lower your water and heating bills.
- Choose native plants that can tolerate drought for your garden.
- Use cell phones and computers as long as possible, then recycle or donate electronics responsibly to help reduce hazardous waste.



- Walk or ride a bike to save on gas and parking costs while doing errands.
- Tune-up your car and change the oil regularly to increase gas mileage.
- Carry a reusable water bottle instead of paying for bottled water that generates container waste.
- Borrow from libraries or friends instead of buying books and movies.
- If your bank or retirement plans offer electronic account statements, sign up for online delivery instead of mailed paper copies. ●



What's in the economic stimulus plan for retirees

The government's economic stimulus plan includes changes that aim to put more money in people's pockets to spend and help revive the nation's economy.

Retirement income. If you're a recipient of Social Security, Supplemental Security Income (SSI), Railroad Retirement, or Veterans Administration benefits, you collected a one-time payment of \$250 in May or June. Retired government employees not eligible for Social Security benefits will get a \$250 credit when they file their 2009 tax returns.

Withholding rules. The Internal Revenue Service (IRS) issued new tax tables that lowered the tax withholding rates for retirees and employees starting April 1.

If you get income on a regular basis from your retirement accounts or annuity, you are now seeing a little extra with each payment because less income tax has been withheld.

Of course, if no taxes are withheld, you won't see any difference in your payments. The change does not apply to lump sum payments.

No retiree tax credit. The stimulus plan included a new tax credit on earned income such as wages reported on Form W-2. This credit helps employees offset the impact of lower withholding on their 2009 and 2010 tax bills. However, retirees who receive retirement income reported on Form 1099-R are not eligible for this credit.

Impact on tax return. Getting more with each retirement plan or annuity check throughout the year might affect your tax situation next April. If you typically receive a refund, this could lower the amount of the refund. Or if you normally pay taxes, you could owe more, depending on your circumstances.

If you want to avoid any tax surprises, you may want to review your situation. Ideally, you want your withholding to cover your tax liability. For a quick analysis, you can use the new withholding calculator for retirees at www.irs.gov.

You don't have to do anything. However, if you wish, you may adjust the amount of taxes withheld from your retirement income. Ask the provider that sends your scheduled payments how to file a new Form W-4P, Withholding Certificate for Pension or Annuity Payments.

Since tax issues can be complex, consult your tax or financial adviser before changing your withholding. ●



Ohio PERS Investment Options Fund and Portfolio Returns

June 30, 2009

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

	Asset Class	Year-to-Date 06/30/09	Last Month 06/30/09	Prior 3 Months 06/30/09	Prior 6 Months 06/30/09	Calendar Years					1-Year Ending 06/30/09	3-Years ¹ Ending 06/30/09	5-Years ¹ Ending 06/30/09	Expense Ratio
						2008	2007	2006	2005	2004				
OPERS Target Date Funds														
Target Payout Fund	PO	5.26%	0.47%	8.59%	5.26%	-14.63%	6.26%	9.20%	6.00%	7.65%	-8.13%	0.54%	3.09%	0.21%
Target 2010 Fund	10	5.45%	0.38%	10.26%	5.45%	-19.97%	7.16%	11.34%	7.10%	9.75%	-12.74%	-0.86%	2.89%	0.20%
Target 2015 Fund	15	5.04%	0.27%	12.53%	5.04%	-28.36%	7.96%	14.18%	8.63%	11.41%	-20.59%	-3.82%	1.75%	0.20%
Target 2020 Fund	20	6.04%	0.07%	16.09%	6.04%	-33.50%	8.72%	15.97%	9.37%	12.76%	-24.43%	-5.32%	1.24%	0.19%
Target 2025 Fund	25	6.52%	0.03%	18.27%	6.52%	-36.27%	8.90%	16.98%	9.73%	12.98%	-26.42%	-6.25%	0.77%	0.19%
Target 2030 Fund	30	6.51%	-0.01%	18.68%	6.51%	-37.15%	9.02%	17.37%	9.93%	13.20%	-27.20%	-6.60%	0.64%	0.19%
Target 2035 Fund	35	6.47%	-0.04%	19.02%	6.47%	-37.76%	9.08%	17.72%	10.11%	13.44%	-27.82%	-6.86%	0.57%	0.19%
Target 2040 Fund	40	6.49%	-0.09%	19.40%	6.49%	-38.52%	9.32%	18.14%	10.38%	13.66%	-28.54%	-7.11%	0.52%	0.19%
Target 2045 Fund	45	6.45%	-0.14%	19.81%	6.45%	-39.42%	9.43%	18.52%	10.65%	13.66%	-29.37%	-7.49%	0.35%	0.19%
Target 2050 Fund	50	6.49%	-0.14%	19.82%	6.49%	-39.39%	9.43%	18.52%	10.65%	13.66%	-29.31%	-7.46%	0.37%	0.19%
OPERS Funds														
Stable Value	SV	1.36%	0.27%	0.69%	1.36%	4.00%	4.44%	4.48%	4.23%	4.13%	3.27%	4.03%	4.12%	0.23%
Bond	GB	8.77%	1.55%	7.28%	8.77%	-5.26%	4.14%	4.82%	2.74%	5.24%	3.72%	4.23%	3.85%	0.20%
Stock Index	SI	4.20%	0.35%	16.88%	4.20%	-37.17%	5.18%	15.70%	6.15%	11.96%	-26.41%	-8.28%	-1.78%	0.03%
Large Cap	LC	4.13%	0.31%	16.65%	4.13%	-38.02%	3.30%	11.54%	6.32%	9.34%	-26.59%	-9.78%	-3.32%	0.05%
Small Cap	SC	2.50%	1.43%	20.81%	2.50%	-33.27%	-3.14%	14.88%	7.99%	12.78%	-24.98%	-10.65%	-2.38%	0.08%
Non-U.S. Stock	NU	9.14%	-1.21%	24.77%	9.14%	-48.85%	17.21%	25.26%	16.08%	17.07%	-38.43%	-8.95%	1.49%	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 OPERS office will be closed on the following days:

- **Monday, September 7, 2009**
Transactions made on this day will be processed the following business day.
- **Monday, October 12, 2009**
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)

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