The Ohio
PERSonal INVESTOR

SECOND QUARTER
2010

In this issue

An increase today may make a big difference tomorrow

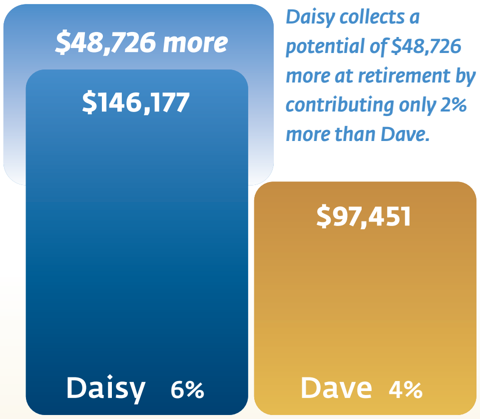
If you increase your contributions to the Ohio Deferred Compensation Plan now, you could reduce your current tax bill and accumulate more toward your retirement, too.

Compare the cases of two hypothetical Plan participants: Daisy and Dave, 30 years old and earning $30,000 a year. For 30 years, Daisy contributes 6 percent of her salary to her Deferred Compensation Plan account, while Dave contributes 4 percent.

By the time they reach their 60th birthdays, the retirement age both have chosen, the difference in their retirement nest eggs could be significant.

Daisy contributes only 2 percent more each pay period than Dave, taking home only $40 less than Dave. Why? Because the full amount of her contribution reduces the federal and state income taxes withheld from each paycheck.

As the chart below illustrates, Daisy contributes $150 per paycheck, yet the difference in her take home pay is only $123 less than it would have been without the contribution.



Daisy collects a potential of $48,726 more at retirement by contributing only 2% more than Dave.

	Daisy	Dave
Monthly gross pay	$ 2,500.00	$ 2,500.00
Pre-tax contribution	- 150.00	- 100.00
Income subject to tax	$ 2,350.00	$ 2,400.00
Federal tax withholding	- 213.00	- 220.00
State tax withholding	- 56.00	- 58.00
FICA & Medicare	$ 191.00	$ 191.00
Net take home pay	$ 1,890.00	$ 1,930.00
Annual tax saving	**$ 327.00**	**$ 214.00**

This illustration is hypothetical and for demonstration purposes only. It is not necessarily indicative of the performance of any investment in the Ohio Deferred Compensation Plan. It assumes 2010 tax rates for single tax filer with standard deduction, static salary, a 6 percent return rate, and reinvestment of earnings. Not adjusted for inflation; does not include other taxes or deductions. The returns you receive may be more or less, depending on actual returns.

Realizing that the dreams you have for retirement depend on the decisions you make today, ask yourself: Can you afford to pass up the opportunity to contribute a little more?

New rule for non-spouse beneficiaries

Children and other non-spouse beneficiaries who inherit a deceased retirement plan participant's account balance and want to keep the assets tax-deferred may leave them in the plan or choose a rollover if they wish. Beginning in 2010, under the Worker, Retiree and Employer Recovery Act of 2008 (WRERA), non-spouse beneficiaries can roll over inherited plan account assets into an Individual Retirement Account (IRA).

If you are a Plan participant, make sure your primary and contingent beneficiary designations on file with your Plan are up to date. If you are a non-spouse beneficiary who has inherited Plan assets, consult a tax adviser about your individual situation prior to making a decision.

OPERS Help Line: **(866) 673-7748**
Web site: **www.opers.org**

Save more as early as you can

One of the best and simplest ways to save for your retirement is to take full advantage of your voluntary retirement savings plan at work. The earlier and the more you contribute, the better.

You gain the advantage of compound growth right away. When you invest, you earn interest on your money. And then that interest earns interest. That's called compound interest, and it's how your account grows. The sooner you start, the more you could accumulate for the future. And the more your money compounds over time, the less you may have to put away yourself to end up with enough for retirement.

In addition, the money in your Plan account accumulates tax deferred. That means you don't pay taxes until amounts from your Plan account are distributed to you at a later date, generally at retirement or separation from service. Tax deferral keeps more of your money working over time toward your retirement objective.

If you contribute only a minimal amount or put your Plan contributions on hold, you lose out on the maximum benefit of compound growth. It's important to review your contribution level regularly to check your progress toward saving enough for retirement. Waiting for 10 or 20 years would force you to contribute much larger amounts to the Plan later on to try to make up the difference — and even then, you might not catch up.

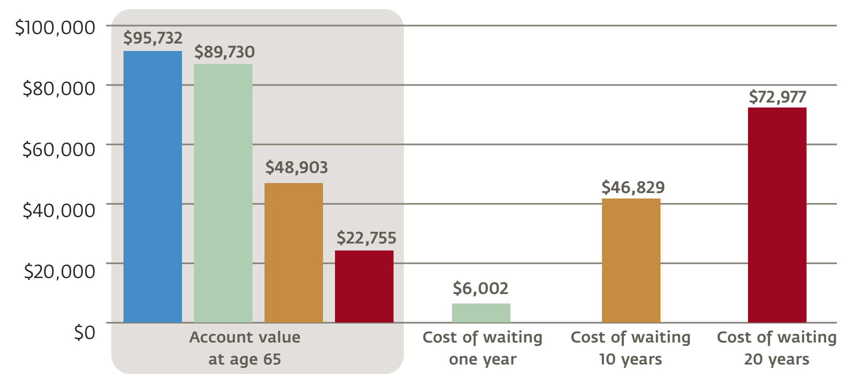
Compounding can do a lot for even a modest investment such as $25 per pay period. But if you want to accumulate enough to retire, consider contributing as much as you can afford.

Investing sooner puts time on your side in other ways, too. With a longer time horizon, you may be able to invest more of your contributions to include some investment options that involve more risk in return for potentially higher long-term gains.

Take an active role in your Plan account as soon as possible. You don't want to reach the end of your career and think, "I wish I had started saving more for retirement sooner."
What are you waiting for?

The cost of waiting

If you save at age 25, you accumulate $6,002 more in account value than if you wait until age 26. Even one year makes a difference, and if you delay 10 or 20 years, you give up thousands of dollars more for retirement.



Starting at age 25
Starting at age 26
Starting at age 35
Starting at age 45

This hypothetical example assumes $25 contributions made twice a month at the beginning of each pay period. The annual interest rate of 6% is compounded twice a month. No withdrawals are made before the participants retire at age 65. This information is for illustrative purposes only to show how the number of years invested in the Plan could affect participant account values and is not intended as a guarantee of past or future performance of any security. The actual rate of return may be more or less than shown and depends on different factors, including a participant's choice of investment options. Net returns would be lower if there are any Plan or investment option fees, expenses, or charges which have not been considered in this illustration.

A retirement saving incentive

Generally, the lower your income, the harder it may be to save for retirement. The Saver's Credit is available to help motivate more people to try.

If you contribute to your Plan account or an Individual Retirement Account (IRA) and qualify, you could trim your tax bill by taking a Saver's Credit plus the federal tax deduction for the full amount of your contributions.

Under Internal Revenue Service rules, the credit is available for tax year 2010 to taxpayers who contribute to a 457(b), 403(b), 401(k) plan, or an IRA by December 31, 2010, and have a modified adjusted gross income that meets these limits:

- Up to $55,500 for married couples filing their federal income tax return jointly
- Up to $41,625 for heads of household
- Up to $27,750 for singles or married individuals filing separately

The credit is a percentage of the contribution you make, ranging from a low of 10% to a high of 50%. The highest applies to people with the least income. The maximum is $1,000, or if filing jointly, $2,000.

Each year you contribute to your Plan and qualify for the credit, you will file Form 8880 with your tax return. To learn more, go to **www.irs.gov/pub/irs-pdf/p4703.pdf**.

Managing change

Major events such as a birth or a death in the family, marriage, divorce, job loss, or a new career may have important ramifications for your financial plans.

Beneficiary designations

In the event of your death, assets in your retirement plans, insurance policies, and other accounts would be distributed to the people listed as beneficiaries for those plans or policies, even if your will, trust documents, or other estate paperwork name a different beneficiary. At least once a year, review the beneficiary designations on file with your Plan, insurance policies, and other accounts and make any necessary updates.

Your estate plan

You may need to revise your will if a birth, divorce, death, or another change affects your personal situation. For example, you may wish to add a grandchild's name or remove a former spouse's name. Contact your attorney to update your will.

Your emergency fund

Certain situations call for boosting your emergency reserves, including the possibility of a layoff. Experts say you should have enough cash in your emergency fund to cover a minimum of three to six months of expenses. Keep the money in an easily accessible bank account or money market fund.

Retirement accounts

After leaving a job, you have a number of options such as continuing to leave your account balance in your employer's retirement plan if allowed by the plan's rules. Before you leave employment, contact your Plan to learn about your choices for your Plan account assets.

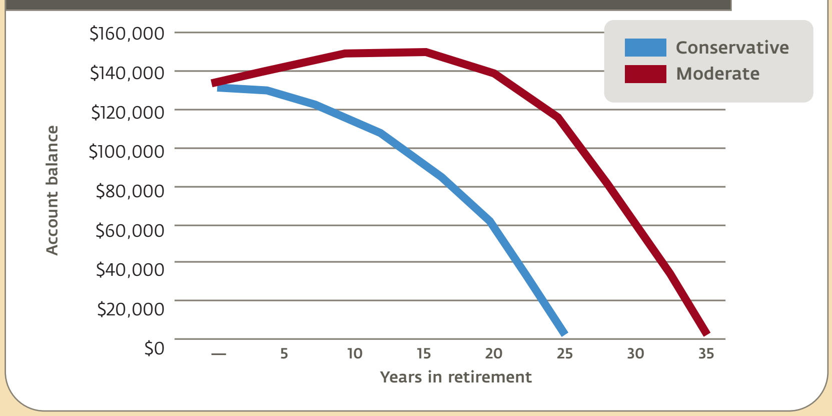
Conservative doesn't always mean safe

For your savings to last over a retirement of 25 years or longer, you will have to balance two competing goals: protecting your savings against market downturns and guarding against the long-term impact of inflation.

One way to achieve a balance is holding a mix of funds that invest in stocks, bonds, and cash. In general, it may be wise to hold money you'll need in the next several years in funds that hold bonds and cash equivalent investments so that a market decline won't threaten your ability to meet expenses. Bonds have lost ground during only seven calendar years since 1926. Cash didn't post a negative return during any calendar year in that time span.[1]

Stock funds are much more likely than bond or cash equivalent funds to provide the growth you need to support increased withdrawals in retirement. Stocks outpaced inflation during all 64 rolling 20-year periods between 1926 and 2008, while bonds trailed inflation 16 times and cash lagged inflation 20 times.[1]

A moderate portfolio with stock funds could last years longer



This chart illustrates how a moderate portfolio that includes stocks can help a nest egg last longer than a conservative portfolio of fixed income and cash equivalent investments only. Both investors withdraw 4% at the end of the first year and increase the withdrawal amount by 4% each year. As you can see, the moderate investor's savings, generating 6% annual returns, last 34 years, nine years longer than the conservative investor's savings, with 4% annual returns. This hypothetical example includes assumptions and is for illustrative purposes only. It doesn't reflect any specific investment and is not intended as a guarantee of past or future performance of any security. Systematic investing does not assure a profit and does not protect against loss in declining markets.

Your Plan's menu of investments includes options that make it easy to invest in stocks and bonds. You should carefully read and review all investment information, including investment objectives, strategies, performance, and expenses, prior to making investment decisions. You may want to consider consulting with an investment adviser about how various asset allocations might affect your long-term retirement finances.

Investment returns and principal value will fluctuate. It is possible to lose money by investing. Fixed income securities are subject to interest rate risk, and the net asset value of an investment may fall as interest rates rise.

[1] *Ibbotson SBBI 2009 Classic Yearbook*. Stocks represented by the S&P 500, bonds by the Ibbotson Intermediate-Term Government Bond Index and cash by 30-day Treasury Bills. Indexes are not available for purchase.

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

Ohio PERS Investment Options
Fund and Portfolio Returns
June 30, 2010

	Asset Class	Year-to-Date 06/30/10	Last Month 06/30/10	Prior 3 Months 06/30/10	Prior 6 Months 06/30/10	Calendar Years 2009	2008	2007	2006	2005	1-Year Ending 06/30/10	3-Years[1] Ending 06/30/10	5-Years[1] Ending 06/30/10	Expense Ratio
OPERS Target Date Funds														
Target Payout Fund	PO	-0.12%	-0.75%	-2.60%	-0.12%	16.44%	-14.63%	6.26%	9.20%	6.00%	10.49%	0.40%	3.76%	0.21%
Target 2010 Fund	10	-0.34%	-0.94%	-3.11%	-0.34%	18.21%	-19.97%	7.16%	11.34%	7.10%	11.72%	-1.38%	3.58%	0.20%
Target 2015 Fund	15	-2.27%	-1.76%	-5.35%	-2.27%	21.14%	-28.36%	7.96%	14.18%	8.63%	12.71%	-4.99%	2.46%	0.20%
Target 2020 Fund	20	-4.14%	-2.68%	-7.68%	-4.14%	25.81%	-33.50%	8.72%	15.97%	9.37%	13.73%	-6.82%	1.98%	0.19%
Target 2025 Fund	25	-5.70%	-3.35%	-9.45%	-5.70%	28.98%	-36.27%	8.90%	16.98%	9.73%	14.19%	-7.96%	1.58%	0.19%
Target 2030 Fund	30	-6.11%	-3.54%	-9.89%	-6.11%	29.44%	-37.15%	9.02%	17.37%	9.93%	14.10%	-8.45%	1.42%	0.19%
Target 2035 Fund	35	-6.37%	-3.69%	-10.18%	-6.37%	29.72%	-37.76%	9.08%	17.72%	10.11%	14.08%	-8.80%	1.34%	0.19%
Target 2040 Fund	40	-6.73%	-3.78%	-10.51%	-6.73%	30.09%	-38.52%	9.32%	18.14%	10.38%	13.94%	-9.21%	1.25%	0.19%
Target 2045 Fund	45	-7.45%	-4.04%	-11.22%	-7.45%	30.51%	-39.42%	9.43%	18.52%	10.65%	13.47%	-9.82%	1.00%	0.19%
Target 2050 Fund	50	-7.41%	-4.02%	-11.19%	-7.41%	30.53%	-39.39%	9.43%	18.52%	10.65%	13.49%	-9.79%	1.02%	0.19%
OPERS Funds														
Stable Value	SV	1.85%	0.30%	0.91%	1.85%	3.20%	4.00%	4.44%	4.48%	4.23%	3.70%	3.75%	4.03%	0.23%
Bond	GB	5.96%	1.54%	3.09%	5.96%	17.67%	-5.26%	4.14%	4.82%	2.74%	14.63%	6.76%	5.24%	0.20%
Stock Index	SI	-5.98%	-5.77%	-11.33%	-5.98%	28.35%	-37.17%	5.18%	15.70%	6.15%	15.81%	-9.38%	-0.41%	0.03%
Large Cap	LC	-5.95%	-5.58%	-11.50%	-5.95%	28.73%	-38.02%	3.30%	11.54%	6.32%	16.27%	-9.78%	-1.86%	0.05%
Small Cap	SC	-1.76%	-7.79%	-9.94%	-1.76%	27.16%	-33.27%	-3.14%	14.88%	7.99%	21.87%	-8.78%	0.04%	0.08%
Non-U.S. Stock	NU	-12.39%	-2.68%	-14.04%	-12.39%	35.90%	-48.85%	17.21%	25.26%	16.08%	9.10%	-14.32%	0.98%	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, September 6, 2010**

Transactions made on this day 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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