The Ohio PERSonal INVESTOR

THIRD QUARTER 2009

In this issue

small changes. BIG DIFFERENCE.

national **save for retirement** week
OCTOBER 18-24, 2009

National Save for Retirement Week is a perfect time to think about the choices you make every day that may have an impact on your future.

During the week of October 18-24, take some time to review your OPERS individual account along with your personal savings and other investments. See if your asset allocation is in line with your personal career and retirement goals.

If you are able to, October would also be a good time to make additional deposits to your individual account. As a public employee in Ohio, you are required to contribute to OPERS. In addition, you may supplement your mandatory contributions by rolling over assets from another qualified plan or by making voluntary contributions to your OPERS individual account. To do so, you need to complete either a *Voluntary Deposit Form - Member-Directed Plan Participants (VOL-MD)* or a *Voluntary Deposit Form - Combined Plan Participants (VOL-CO)*, depending on the Plan in which you participate. These forms are used for both types of deposits. The forms include a worksheet to help you estimate your IRC Section 415(c) limitation for a voluntary contribution.

For forms and information about rollovers or voluntary contributions to your account, go to **www.opers.org**, then *Saving for Retirement*, or call the OPERS Member Services Center at **(800) 222-7377**.

Coming in 2010: important changes to investment options

As part of our ongoing effort to enhance the quality of the investment options we offer, the OPERS investment option lineup will change during 2010. Some of the changes may include the addition of two new core funds and the management of two of our current funds will change from passive to active (see related article below). New asset classes will be added to the OPERS Target Date Funds to further expand their diversification. We will contact you with details as more information becomes available.

About active and index funds

Actively-managed funds and passively-managed or index funds are included in the OPERS lineup because both types have advantages for participants. Here are some basic concepts to help you understand these funds.

What is an index? A fund's performance is usually compared with its market benchmark or index. An index is a grouping of stocks or bonds selected to represent the market. The best known index is the Dow Jones Industrial Average that follows 30 of the largest U.S. companies. The Standard and Poor's 500 index widens the range to include 500 of the largest U.S. companies for a broader reading of the market. An index is not managed and cannot be invested in directly.

INDEX FUND

- Attempts to invest in exactly the same securities and in the same proportions as the holdings of the index, aiming to deliver the same return as the index it represents.
- Its holdings mirror the holdings in the index it follows so it closely tracks the index.
- Keeps management fees, transaction costs, and other expenses to a minimum since there is no active management.

ACTIVELY-MANAGED FUND

- Is run by a fund manager who uses market analysis, experience, and judgment to select the fund's securities, make changes in response to market trends, and seek out new investment opportunities.
- Aims to outperform the market as measured by a certain index. Offers the potential for higher returns as compared to index funds. Has additional risk which could cause it to underperform index funds.
- Has higher fees and operating expenses compared to an index fund.

Plan Information Line: **(866) 673-7748**
Plan Web site: **www.opers.org**

Know your score to protect your credit

It used to be possible for almost anyone to be approved for credit cards, auto, personal or student loans, and even mortgages. Since the global economy's slowdown began in 2008, credit markets have tightened and the rules of creditworthiness have changed.

Credit is harder to get.

You may find it more difficult to qualify for auto loans, a mortgage, or new credit cards, even if you've had good credit in the past. Credit is in shorter supply from banks and other lenders that suffered major losses on mortgages and credit cards as a result of the recession. Another reason is that the three major credit bureaus — Equifax, Experian, and TransUnion — changed their formulas for calculating credit scores.

What's a credit score?

The credit bureaus collect personal and financial information about consumers from a variety of sources, including creditors, lenders, utilities, debt collection agencies, and public records. An individual's credit report contains this data which credit bureaus also use to calculate a credit score, ranging from 300 to 850 points. The higher the score, the better. Some factors that affect credit scores include:

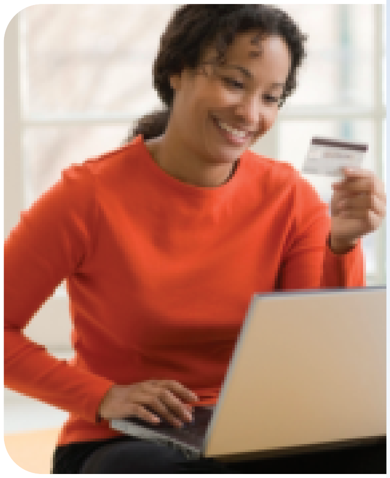
- Length of credit history
- Types of credit held
- Payment history
- Amount of credit used versus amount available

Banks and other lenders look at your credit score whenever you apply for any loan or credit card. A high score makes the approval process go smoothly and brings the best interest rates. With a low score, you may pay higher interest rates, need a co-signer for a loan, or be turned down.

A low credit score results from black marks on a credit record caused by:

- Late payments
- Too many applications for credit in a short period
- A limited credit history or insufficient credit
- Bankruptcy
- Recordkeeping errors

To access your credit score online, go to **equifax.com**, **myfico.com**, or **scorepower.com**. Review the terms of any trial offers or fees carefully before accessing your credit profile or providing your credit card information online.



Request a free report.

Monitoring your credit report is an important responsibility. Check the accuracy of your personal and financial data by requesting your credit report regularly, at least once a year. By federal law, you are entitled to a free annual credit report from each of the three major credit bureaus. To order your free copy, go to **annualcreditreport.com**, the Web site maintained by the three companies. If you prefer, contact them individually:

- **Equifax** (800) 997-2493 equifax.com
- **Experian** (888) 397-3742 experian.com
- **TransUnion** (800) 888-4213 transunion.com

Improve your credit rating

Correct errors.

If your credit record is inaccurate, you could be denied credit. Here are mistakes to watch out for: false late payments, accounts that don't belong to you, accounts you closed but that are still listed as open, and personal information that is misspelled or outdated. If you find a mistake, notify a credit bureau immediately.

Pay on time.

As soon as you receive a bill, check the payment due date to be sure it hasn't changed. Know the key information about your accounts: interest rates, number of days in your billing cycle, fees for late payment, and the default interest rate if you make a late payment. If you don't pay your mortgage or bills on time, you will be charged late fees and your late payment may be reported to a credit bureau.

Be proactive.

With credit in short supply and unemployment rising, more people are finding themselves in trouble when their financial resources become limited. If you can't keep up with payments, call your creditors right away. Let them know about your circumstances and ask them to work with you. If you need help, find a reputable credit counselor.

Separating retirement truths from myths

Myth: **One income source will suffice.**

Truth: Most retirees cannot rely on only one income source to meet their financial needs. You are likely to need income from a number of sources: your employer-sponsored retirement plan, Social Security benefits (if you are eligible), and personal savings and investments. Since you can't assume one income source will be enough, take full advantage of every opportunity to invest for retirement.

Myth: **Retirement means moving to a retirement community or a nursing home.**

Truth: The vast majority of older people maintain independent households in the communities where they've lived for many years, often near their friends and children.

Myth: **Retirement means slowing down.**

Truth: According to one poll, the majority of Americans think of retired people as lonely, bored, or in ill health. But the vast majority of retirees see things differently. They describe themselves as engaged in life, active, and in good health. Some who retire begin a second career, take a part-time position, or pursue a busy schedule as a volunteer. Americans are living longer, healthier lives than at any other time in history.

Managing cash flow during your retirement

If you want to stretch your retirement savings to make them last, here are some money management strategies to consider.

Delay if you can.

Try to postpone withdrawing money from your retirement accounts so they continue to accumulate tax-deferred for as long as possible.

If your pension and Social Security income doesn't cover your living expenses, consider drawing down what you need from bank accounts or taxable brokerage accounts first. Your choice of which accounts to tap, the amounts, and the timing can affect how well you live in retirement.

Withdraw wisely.

Smaller withdrawals from your retirement accounts in the first few years after you retire could lead to greater long-term financial security. You could give your retirement savings a 90 percent chance of lasting 30 years if you withdraw no more than four percent of your savings during the first year of retirement.

Later, you could increase your withdrawals annually for inflation. Or you could skip the adjustment for inflation for a few years, leaving more in your accounts to continue compounding.

If your withdrawal rate must exceed four percent at the beginning of your retirement, think of ways to reduce your expenses. You want to limit how much you take out of your accounts up front to minimize your risk of running out of money.

Create a budget.

Track your expenses over a few months. Write down what you spend on necessities, such as housing, food, taxes, and insurance, as well as discretionary expenses, such as travel and entertainment. Once you have a budget in place, it's easier to calculate how much you need to withdraw from your accounts. Knowing where your money goes can also empower you to make the most of it.

Review regularly.

To help stay on track, you and your spouse or partner should review your income sources, expenses, investments, and asset allocation every year.

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

Ohio PERS Investment Options
Fund and Portfolio Returns
September 30, 2009

	Asset Class	Year-to-Date 09/30/09	Last Month 09/30/09	Prior 3 Months 09/30/09	Prior 6 Months 09/30/09	Calendar Years 2008	2007	2006	2005	2004	1-Year Ending 09/30/09	3-Years[1] Ending 09/30/09	5-Years[1] Ending 09/30/09	Expense Ratio
OPERS Target Date Funds														
Target Payout Fund	PO	13.73%	2.27%	8.05%	17.33%	-14.63%	6.26%	9.20%	6.00%	7.65%	5.20%	2.25%	4.50%	0.21%
Target 2010 Fund	10	15.13%	2.52%	9.18%	20.38%	-19.97%	7.16%	11.34%	7.10%	9.75%	2.91%	1.09%	4.65%	0.20%
Target 2015 Fund	15	17.35%	3.24%	11.71%	25.71%	-28.36%	7.96%	14.18%	8.63%	11.41%	-1.30%	-1.26%	4.09%	0.20%
Target 2020 Fund	20	21.23%	3.84%	14.32%	32.72%	-33.50%	8.72%	15.97%	9.37%	12.76%	-1.07%	-2.12%	4.12%	0.19%
Target 2025 Fund	25	23.84%	4.36%	16.26%	37.50%	-36.27%	8.90%	16.98%	9.73%	12.98%	-0.43%	-2.58%	4.02%	0.19%
Target 2030 Fund	30	24.15%	4.43%	16.56%	38.33%	-37.15%	9.02%	17.37%	9.93%	13.20%	-0.80%	-2.86%	3.96%	0.19%
Target 2035 Fund	35	24.37%	4.50%	16.82%	39.04%	-37.76%	9.08%	17.72%	10.11%	13.44%	-1.15%	-3.04%	3.95%	0.19%
Target 2040 Fund	40	24.68%	4.56%	17.08%	39.79%	-38.52%	9.32%	18.14%	10.38%	13.66%	-1.37%	-3.23%	3.98%	0.19%
Target 2045 Fund	45	24.95%	4.62%	17.39%	40.64%	-39.42%	9.43%	18.52%	10.65%	13.66%	-1.84%	-3.54%	3.86%	0.19%
Target 2050 Fund	50	24.98%	4.62%	17.37%	40.63%	-39.39%	9.43%	18.52%	10.65%	13.66%	-1.77%	-3.52%	3.87%	0.19%
OPERS Funds														
Stable Value	SV	2.23%	0.29%	0.85%	1.55%	4.00%	4.44%	4.48%	4.23%	4.13%	3.14%	3.94%	4.09%	0.23%
Bond	GB	15.65%	1.85%	6.33%	14.07%	-5.26%	4.14%	4.82%	2.74%	5.24%	13.41%	5.04%	4.44%	0.20%
Stock Index	SI	21.20%	4.16%	16.31%	35.94%	-37.17%	5.18%	15.70%	6.15%	11.96%	-6.31%	-4.99%	1.62%	0.03%
Large Cap	LC	20.94%	4.01%	16.14%	35.48%	-38.02%	3.30%	11.54%	6.32%	9.34%	-5.96%	-6.58%	0.09%	0.05%
Small Cap	SC	22.36%	5.81%	19.38%	44.22%	-33.27%	-3.14%	14.88%	7.99%	12.78%	-9.45%	-4.97%	2.18%	0.08%
Non-U.S. Stock	NU	30.65%	5.12%	19.72%	49.37%	-48.85%	17.21%	25.26%	16.08%	17.07%	0.39%	-4.54%	5.32%	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.

FSPO

quarterly calendar

The OPERS office will be closed on the following days:

- **Wednesday, Nov. 11, 2009**
  The OPERS Help Line will be available and transactions will be processed the same day.
- **Thursday, Nov. 26, 2009**
  Transactions made on this day will be processed the following business day.
- **Friday, Nov. 27, 2009**
  The OPERS Help Line will be available and transactions made by 1 p.m. will be processed the same day.
- **Friday, Dec. 25, 2009/Friday, Jan. 1, 2010/ Monday, Jan. 18, 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)

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 adviser or attorney as to how this information affects your particular circumstances.