

PERSONAL

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What's your game plan for the future?

National Save for Retirement Week is October 17-23, 2010

Your retirement future is up to you, so don't sit on the sidelines. Make time during National Save for Retirement Week to review your Plan account and investments. ●


IMPORTANT NOTICES REGARDING YOUR RIGHTS UNDER THE PLAN

Upcoming changes to the OPERS investment options

The OPERS Board of Trustees has voted to redesign the OPERS investment option lineup in order to continue providing plan participants with a variety of high-quality investment choices to help them reach their retirement objectives.

The following modifications will take place during December 2010:

- The six core OPERS investment options will become primarily passively-managed (index) funds. The OPERS Stable Value Fund is the only option that will remain actively managed. Passively-managed (index) funds provide plan participants with less active risk and lower fees.
- Some of the core OPERS investment options will be renamed to include the word "index" which reflects the change in how they will be managed.
- To provide broader diversification, the asset allocations of certain OPERS Target Date Funds will include Treasury Inflation-Protected Securities (TIPS) and long duration bonds.

These changes will occur automatically and no action is required on your part. However, you are encouraged to review your account periodically to be certain that your fund's asset allocation continues to be appropriate for your age, the amount of time left before you expect to retire, and the level of risk you can tolerate.

In addition, the following changes to the fund line-up will also take place in December:

- The OPERS Target 2010 Fund will be phased out as part of the normal allocation rebalancing process. Assets as well as allocation percentages for future contributions will be automatically transitioned to the OPERS Target Payout Fund unless otherwise directed by the plan participant.
- As the OPERS Target 2010 Fund is removed, the new OPERS Target 2055 Fund will be added. The OPERS Target 2055 Fund may be appropriate for investors who have a long investment period (planning to retire between 2053 and 2057) and are very comfortable with market fluctuations.

For more information about the funds, please visit the OPERS website, www.opers.org or call the OPERS Help Line at 1-866-OPERS-4-U (866-673-7748).

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Enhancements to the OPERS Target Date Funds

Index funds

The asset allocations of all OPERS Target Date Funds have included actively-managed funds in the large cap, small cap, non-U.S. stock, and bond asset classes. As of December 2010, the actively-managed funds will be replaced by passively-managed (index) funds.

Index funds offer a low-cost way to invest in these asset classes. They keep management fees, transaction costs, and other expenses to a minimum because there is no active management.

An index is not managed and cannot be invested in directly. Index funds attempt to invest in exactly the same securities and in the same proportions as the holdings of the index. The best known index is the Dow Jones Industrial Average that follows 30 of the largest U.S. companies.

New asset classes

To provide even broader diversification, two new asset classes are being added to the asset allocations of certain OPERS Target Date Funds. They are:

- **Treasury Inflation-Protected Securities (TIPS)** is a treasury security that is indexed to inflation to provide protection against inflation. The principal of TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index, while the interest rate remains fixed.
- **Long Duration Bonds** are bonds that mature in more than 10 years.



An overview of investing in target date funds

Target date funds are one-stop investment options set up for your long-term retirement planning. They offer a mix among stocks, bonds, and other investments, and the asset allocation automatically changes to become more conservative as you approach retirement and want less fluctuation and risk in your account.

You pick the fund whose target date most closely matches the date you expect to begin taking distributions for retirement — we take care of the investment choices, asset allocation, and rebalancing decisions for you.

The asset allocation is based on the amount of time remaining before the target date. Funds with dates furthest in the future have a higher concentration of stock funds with an objective to build portfolio value in the early years. As the fund's target date draws closer, the fund's asset allocation adjusts to a higher percentage of bond and stable value funds for stability of principal and income. So when you retire, your fund's allocation will focus on preserving your money and producing income.

Asset allocation is the percentage of money invested in each asset class, such as stable value, bonds, large cap, small cap, and international.

Historically, different asset classes have responded differently to market volatility. When stock funds fare well, bond funds typically do not, and vice versa. The potential returns and risks are also different for each asset class.

Having a mix of investments may help manage risk by increasing the possibility that at least one asset class is performing if the others are not.

Diversification and shifting to a conservative investment mix over time help to manage risk but do not guarantee earnings growth. As with any investment, there is risk and the potential to lose value. Although target date funds seek to meet different investment objectives, meeting these objectives is not guaranteed.

Asset allocation, diversification, and rebalancing are investment strategies that aim to manage risk. These strategies do not ensure a profit or protect against loss in declining markets. ●

New Target Date Fund lineup

This chart illustrates the asset allocations for the OPERS Target Date Funds that take effect in December 2010.

	Target Payout	Target 2015	Target 2020	Target 2025	Target 2030	Target 2035	Target 2040	Target 2045	Target 2050	NEW Target 2055
Investments										
Stable Value	25%	5%	0%	0%	0%	0%	0%	0%	0%	0%
Bond Index	32%	39%	35%	17%	10%	8%	7%	5%	5%	5%
TIPS <i>New asset class</i>	13%	10%	2%	0%	0%	0%	0%	0%	0%	0%
Long Duration <i>New asset class</i>	0%	0%	0%	5%	8%	8%	6%	5%	5%	5%
Large Cap Index	10%	13%	17%	21%	22%	23%	24%	25%	25%	25%
Small Cap Index	5%	10%	14%	18%	19%	19%	20%	20%	20%	20%
Non-U.S. Stock Index	15%	23%	32%	39%	41%	42%	43%	45%	45%	45%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

OPERS to introduce a Self-Directed Brokerage Account

Because some plan participants prefer to actively manage their own investment options, OPERS will introduce the option of a Self-Directed Brokerage Account (SDBA) to the Member-Directed and Combined Plans. The SDBA will offer only mutual funds and will broaden the amount of active management available to interested plan participants.

The new SDBA option will feature the following parameters:

- Account minimum of \$5,000 is required
- Maximum of 50 percent of the member's core portfolio can be invested.

Introduction of the Self-Directed Brokerage Account option is scheduled for the first quarter of 2011. Please visit the OPERS website, www.opers.org, and read future issues of this and your OPERS newsletter for more information and educational opportunities. ●





**Ohio PERS Investment Options
Fund and Portfolio Returns**
September 30, 2010

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

OPERS Target Date Funds	Asset Class	Year-to-Date 09/30/10	Last Month 09/30/10	Prior 3 Months 09/30/10	Prior 6 Months 09/30/10	Calendar Years					1-Year Ending 09/30/10	3-Years ¹ Ending 09/30/10	5-Years ¹ Ending 09/30/10	Expense Ratio
						2009	2008	2007	2006	2005				
Target Payout Fund	PO	5.33%	3.27%	5.45%	2.71%	16.44%	-14.63%	6.26%	9.20%	6.00%	7.84%	1.56%	4.33%	0.21%
Target 2010 Fund	10	5.53%	3.63%	5.89%	2.59%	18.21%	-19.97%	7.16%	11.34%	7.10%	8.35%	-0.17%	4.02%	0.20%
Target 2015 Fund	15	5.60%	5.48%	8.05%	2.27%	21.14%	-28.36%	7.96%	14.18%	8.63%	9.01%	-3.23%	3.03%	0.20%
Target 2020 Fund	20	5.68%	7.21%	10.24%	1.78%	25.81%	-33.50%	8.72%	15.97%	9.37%	9.67%	-4.54%	2.81%	0.19%
Target 2025 Fund	25	5.56%	8.34%	11.94%	1.37%	28.98%	-36.27%	8.90%	16.98%	9.73%	9.95%	-5.26%	2.66%	0.19%
Target 2030 Fund	30	5.41%	8.64%	12.27%	1.16%	29.44%	-37.15%	9.02%	17.37%	9.93%	9.90%	-5.68%	2.52%	0.19%
Target 2035 Fund	35	5.34%	8.87%	12.51%	1.05%	29.72%	-37.76%	9.08%	17.72%	10.11%	9.87%	-5.97%	2.44%	0.19%
Target 2040 Fund	40	5.21%	9.09%	12.80%	0.94%	30.09%	-38.52%	9.32%	18.14%	10.38%	9.78%	-6.32%	2.36%	0.19%
Target 2045 Fund	45	4.95%	9.58%	13.39%	0.67%	30.51%	-39.42%	9.43%	18.52%	10.65%	9.61%	-6.80%	2.18%	0.19%
Target 2050 Fund	50	4.96%	9.55%	13.36%	0.68%	30.53%	-39.39%	9.43%	18.52%	10.65%	9.62%	-6.78%	2.19%	0.19%
OPERS Funds														
Stable Value	SV	2.74%	0.28%	0.88%	1.80%	3.20%	4.00%	4.44%	4.48%	4.23%	3.73%	3.69%	3.99%	0.23%
Bond	GB	9.51%	0.55%	3.34%	6.54%	17.67%	-5.26%	4.14%	4.82%	2.74%	11.42%	7.32%	6.04%	0.20%
Stock Index	SI	4.82%	9.40%	11.49%	-1.14%	28.35%	-37.17%	5.18%	15.70%	6.15%	11.01%	-6.50%	0.97%	0.03%
Large Cap	LC	4.87%	9.17%	11.50%	-1.32%	28.73%	-38.02%	3.30%	11.54%	6.32%	11.63%	-6.70%	-0.45%	0.05%
Small Cap	SC	9.32%	12.47%	11.28%	0.22%	27.16%	-33.27%	-3.14%	14.88%	7.99%	13.60%	-4.30%	0.98%	0.08%
Non-U.S. Stock	NU	2.99%	10.75%	17.55%	1.05%	35.90%	-48.85%	17.21%	25.26%	16.08%	7.13%	-11.18%	2.12%	0.32%

Benchmarks for the above Funds are available at www.opers.org. 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:

- Thursday, November 25, 2010
- Friday, December 24, 2010
- Monday, January 17, 2011

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

Program website: 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. © 2010 INC. All Rights Reserved.