The Ohio
PERSonal
INVESTOR

OPERS

FOURTH QUARTER
2008

In this issue

Pre-Mixed Portfolios Closed — Target Date Funds Opened

Target Date Funds became part of the OPERS investment line-up on Oct. 1, 2008 and the three Pre-Mixed Portfolios (Conservative, Moderate and Aggressive) were eliminated Dec. 1, 2008. If you were invested in one of the Pre-Mixed Portfolios, you had until Nov. 28 to move your balance into one of the Target Date Funds or build your own portfolio with the six core OPERS Funds.

If you didn't take action, your individual account balance in the Pre-Mixed Portfolio(s) was moved on Dec. 1 to the appropriate Target Date Fund based on your birth date and the assumption you will retire and begin taking withdrawals at age 65. In addition, any percentages you were contributing to the Pre-Mixed Portfolio(s) are being redirected to the appropriate Target Date Fund.

If you were one of the more than 12,000 members who were invested in the Pre-Mixed Portfolios, you will notice the fund changes on the enclosed quarterly statement. It's important to take some time to review the statement. It includes your account balances, allocation percentages and shows the new fund in which you are invested.

Keep in mind 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 and becomes more conservative as you near retirement and want less fluctuation and risk in your account.

Log on to our Web site at **www.opers.org** for details about the OPERS Target Date Funds and more fund information, including performance figures. You also can view a recorded seminar about the new funds. OPERS Help Line Counselors are available at **1-866-673-7748** to answer your questions or offer assistance with changes to your investments. Call Monday through Friday between 7:30 a.m. and 5:00 p.m. You also can make changes day or night on **www.opers.org** or through the Voice Response Unit at **1-866-673-7748**.

You are still able to change your investments. If you decide to make changes, remember to consider if it is an appropriate fit with your overall financial retirement plan. Keep your other retirement savings (i.e. Ohio Deferred Compensation, Roth IRA) in mind when making any investment decision.

If the Target Date Fund in which you currently invest is not aggressive or conservative enough for you, you can select a slightly more aggressive or conservative Target Date Fund or you could consider putting a portion of your contributions into one of the OPERS equity investment options (more aggressive) or our bond or stable value fund (more conservative). Also, see the related article, "You Can Build Your Own Portfolio."

Workshops

Learn more about investing and managing your account at *Managing Your Individual OPERS Account — A Workshop*.

During the one-hour web-based 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 account. You will learn different ways to help manage risk in your individual account. You also will learn about the OPERS Investment Options, including the Target Date Funds, and how to choose the investment option(s) suitable for your individual retirement goals. During this live and interactive workshop, you can have your questions answered by OPERS staff and learn from other participants' questions.

Thursday, January 22, 2009
12:00 noon (EST)

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.

You Can Build Your Own Portfolio

If you find yourself in a Target Date Fund that you aren't comfortable with and would like to be in a fund with a similar allocation as the Pre-Mixed Portfolio you left, see our suggestions below. By using the six core OPERS Funds you can create a comparable asset allocation to your previous Pre-Mixed Portfolio option.

If you want your account invested similar to the Aggressive Portfolio

Exchange into	*%*
OPERS Stock Index Fund	30
OPERS Large Cap Fund	25
OPERS Non-US Stock Fund	25
OPERS Stable Value Fund	10
OPERS Bond Fund	10
OPERS Small Cap Fund	10

If you want your account invested similar to the Moderate Portfolio

Exchange into	*%*
OPERS Stock Index Fund	25
OPERS Large Cap Fund	20
OPERS Non-US Stock Fund	10
OPERS Stable Value Fund	20
OPERS Bond Fund	20
OPERS Small Cap Fund	5

If you want your account invested similar to the Conservative Portfolio

Exchange into	*%*
OPERS Stock Index Fund	12
OPERS Large Cap Fund	10
OPERS Non-US Stock Fund	5
OPERS Stable Value Fund	35
OPERS Bond Fund	35
OPERS Small Cap Fund	3

A New Year reality check for your retirement goals

In the New Year, all of us are adjusting to life after the 2008 global financial turmoil.

The financial markets are volatile, but recent drops and rebounds have shaken the confidence of many investors. Some are acting on their impulse to take money out of the market and run. But short-term decisions driven by emotions could wreck long-term retirement goals. Rather than reacting to the news of the day, calmly review your personal situation and consider your retirement savings goals.

Where do you stand now?

Few portfolios were untouched by the market downturn. No one, not even investment professionals, can predict what will happen to stocks, interest rates, or the economy.

Instead of looking back with regret or trying to guess the future, focus on what you're investing for: retirement.

Be realistic about how much time you have left until retirement. If you rely on contributions to your account at your current contribution rate, are you likely to reach your goal? Or should you consider boosting contributions to your retirement savings a little, to keep on track?

Be honest with yourself: how risky are your investments, really? Keep in mind that it's difficult — and risky — for investors to avoid risk altogether, because an investment that's unlikely to lose value is also unlikely to gain value.

To help manage your risk, consider allocating your money among different asset classes (stock, bond, and short-term funds) according to the mix of growth, income, safety, and risk that suits your time horizon. Once you have an asset allocation, keep track of your investments.

You'll want to evaluate investment performance over years, rather than recent days or months. If you are losing sleep over market volatility, you may want to consider speaking with a financial advisor about your situation.

Remember this: Saving and investing takes planning, discipline, and patience. It's important to maintain a long-term perspective, even if you're retired. Most retirees don't liquidate all of their investments at one time, because they don't spend their retirement savings all at once. They withdraw money slowly to meet expenses over time.

Have a plan and stick with it.

If you haven't made a personal plan for saving and investing for retirement, it may be wise to create one. Check with your Plan about workshops or other educational resources available to help you manage your account. Take advantage of the Plan's investment choices, information, and services.

Once you have a plan, keep saving as much as you can throughout the markets' ups and downs. Focusing on the future, maintaining a long-term strategy, riding out short-term volatility, and waiting for better days to return are usually the wisest things to do. With a disciplined, calm approach to saving, investing, and withdrawing, you can potentially build a portfolio to sustain you through decades of retirement.

*To learn more about investment risk, see **A falling market isn't the only risk** in this issue.*

Time-tested lessons about investing for retirement

Given the continuing upheaval and uncertainty of the financial markets, it's important to remember what works over the long haul — and what doesn't:

Strike a balance between investing for growth potential and minimizing risk. Don't let panic push you into a risk category that's too high — or too low — for you.

Diversify your investments across different asset classes (stocks, bonds, and cash) and different investment types (large-cap, small/mid-cap, international, and domestic funds). Investing only in one asset category is usually very risky.

Make the most of dollar cost averaging. By investing fixed amounts of money at regular intervals, your money buys fewer shares when prices are high, and more shares when prices are low.

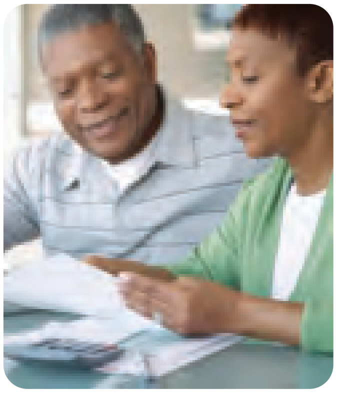
Maintain a long-term perspective. Retirement investing is for the long term, not for quick profits.

No one can say how long it will take for the markets to recover, but in the past, bear markets have set the stage for the next bull market. Over the long term, the key has been to remain invested and be in a position to take advantage when the next recovery comes and the markets bounce back.

When is it ok to invest in a single fund?

Some retirement plans offer one-step investment solutions, including Target Retirement Date, Lifestyle, and Asset Allocation Funds. With these options, when you choose to invest in one fund, you're not betting on just one investment — because each fund is comprised of a broad mix of investments in different asset classes. Such funds offer a simple and disciplined way to get diversification within a single investment.

Budget, but don't skimp on the basics



Given how much the economy has changed, many are spending less. Some items in a budget are easy to cut, like new clothing and dining out.

But putting off certain expenses can actually end up costing a lot more down the road. So don't short-change yourself in these areas.

Safety measures.
Keep up with maintenance of your home and car. Make repairs as soon as possible. The risk of an accident or injury is not worth saving a few dollars now.

Your health.
Be proactive to maintain your wellness with regular check-ups. Don't postpone physicals, eye exams, or dental care. Neglecting health issues could lead to more serious problems.

Required Minimum Distribution rules suspended in 2009

President Bush recently signed legislation that eliminates required minimum distributions (RMD) from retirement accounts for 2009.

The intent of the legislation is to provide relief to participants in RMD status who would otherwise be forced to take distributions from account balances that declined as a result of the current economy.

Under the existing rules, retired participants age 70½ or older must begin taking an annual minimum distribution from their qualified plan accounts. The amount of the RMD is calculated based on existing account balances as of December 31st of the prior year.

Please note this legislation is in effect for 2009 only. The original RMD rules for all other years, including 2008, remain unchanged. For more information, call your Plan Information Line or speak with your financial or tax advisor.

A falling market isn't the only risk

When you think about the risks you take when you invest, what probably comes to mind first is market risk: the risk of losing your money because of a drop in the market. You can try to defend against market risk by diversifying your assets among stock, bond, and money market funds to increase your chances of having at least some winning investments each year. But there are other, possibly less obvious risks:

Inflation risk

Whatever return your money earns will likely be eroded over time by inflation. Granted, consumer price inflation has averaged less than 2.5% over the past 10 years.[1] Yet even 2.5% inflation, year after year, will eat into your retirement nest egg: If that inflation rate persisted, 25 years from now you would need $185,000 to buy what $100,000 buys today.

Defense against inflation risk:
Invest at least some of your nest egg in stock funds, whose long-term return has the potential to outrun inflation.

Business risk

This is the risk that a company you invest in will go under, or at least see the value of its stock plunge, reducing the value of your investment.

Defense against business risk:
You are already helping to protect yourself from business risk by investing in mutual funds or commingled funds, whose assets are diversified among dozens of companies.

Tax risk

How much you really make on your investments is greatly affected by how much you have to pay in taxes.

Defense against tax risk:
Make maximum use of your tax-deferred retirement savings plan. Your money is allowed to build over time, with no taxes due until you begin withdrawing it at retirement, when your income tax rate may be lower.

Risk of outliving your money

The scariest risk of all is not having enough money to last through your retirement years.

Defense against outliving your money:
Contribute the maximum each year to your retirement savings plans, or as much as you are able.

Put yourself in a position to potentially earn decent returns over time by investing in a mix of stock and bond funds. You'd minimize the risk of losing money by putting it all in money market or stable value funds, but because the returns on these types of investments are so modest, you may side-step market risk and significantly increase the risk that your retirement will last longer than your money does.

[1] *Source: U.S. Department of Labor, Bureau of Labor Statistics*

You should review the Investment Options Disclosures document before making any

Ohio PERS Investment Options
Fund and Portfolio Returns
December 31, 2008

	Asset Class	Year-to-Date 12/31/08	Last Month 12/31/08	Prior 3 Months 12/31/08	Prior 6 Months 12/31/08	Calendar Years 2007	2006	2005	2004	2003	1-Year Ending 12/31/08	3-Years[1] Ending 12/31/08	5-Years[1] Ending 12/31/08	Expense Ratio
OPERS Target Date Funds														
Target Payout Fund	PO	-14.63%	2.92%	-7.50%	-12.72%	6.26%	9.20%	6.00%	7.65%	13.88%	-14.63%	-0.32%	2.48%	0.21%
Target 2010 Fund	10	-19.97%	3.09%	-10.62%	-17.25%	7.16%	11.34%	7.10%	9.75%	21.98%	-19.97%	-1.53%	2.34%	0.20%
Target 2015 Fund	15	-28.36%	3.02%	-15.89%	-24.40%	7.96%	14.18%	8.63%	11.41%	26.79%	-28.36%	-4.06%	1.34%	0.20%
Target 2020 Fund	20	-33.50%	3.90%	-18.40%	-28.73%	8.72%	15.97%	9.37%	12.76%	30.44%	-33.50%	-5.70%	0.67%	0.19%
Target 2025 Fund	25	-36.27%	4.64%	-19.60%	-30.92%	8.90%	16.98%	9.73%	12.98%	31.29%	-36.27%	-6.71%	0.13%	0.19%
Target 2030 Fund	30	-37.15%	4.74%	-20.09%	-31.65%	9.02%	17.37%	9.93%	13.20%	32.07%	-37.15%	-7.01%	0.01%	0.19%
Target 2035 Fund	35	-37.76%	4.84%	-20.52%	-32.20%	9.08%	17.72%	10.11%	13.44%	32.73%	-37.76%	-7.20%	-0.04%	0.19%
Target 2040 Fund	40	-38.52%	4.96%	-20.90%	-32.90%	9.32%	18.14%	10.38%	13.66%	33.59%	-38.52%	-7.40%	-0.08%	0.19%
Target 2045 Fund	45	-39.42%	4.99%	-21.45%	-33.65%	9.43%	18.52%	10.65%	13.66%	33.59%	-39.42%	-7.72%	-0.24%	0.19%
Target 2050 Fund	50	-39.39%	5.00%	-21.41%	-33.62%	9.43%	18.52%	10.65%	13.66%	33.59%	-39.39%	-7.71%	-0.23%	0.19%
OPERS Funds														
Stable Value	SV	4.00%	0.29%	0.89%	1.88%	4.44%	4.48%	4.23%	4.13%	3.99%	4.00%	4.31%	4.26%	0.23%
Bond	GB	-5.26%	4.05%	-1.94%	-4.64%	4.14%	4.82%	2.74%	5.24%	6.30%	-5.26%	1.13%	2.26%	0.20%
Stock Index	SI	-37.17%	1.92%	-22.69%	-29.38%	5.18%	15.70%	6.15%	11.96%	30.80%	-37.17%	-8.56%	-1.90%	0.03%
Large Cap	LC	-38.02%	1.69%	-22.24%	-29.51%	3.30%	11.54%	6.32%	9.34%	29.61%	-38.02%	-10.61%	-3.65%	0.05%
Small Cap	SC	-33.27%	5.99%	-26.00%	-26.81%	-3.14%	14.88%	7.99%	12.78%	48.45%	-33.27%	-9.45%	-1.99%	0.08%
Non-U.S. Stock	NU	-48.85%	7.67%	-23.16%	-43.59%	17.21%	25.26%	16.08%	17.07%	37.49%	-48.85%	-9.11%	0.40%	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 on the following days:

- Monday, January 19, 2009
- Monday, February 16, 2009

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

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