The Ohio
PERSonal INVESTOR
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OPERS

In this issue

What you need to understand about the OPERS Target Date Funds

The OPERS Target Date Funds are professionally managed for our Member-Directed and Combined Plan participants. You choose the fund that most closely matches the date you expect to begin withdrawing your money for retirement, and the rest is done for you.

Your fund invests in a diversified portfolio that is automatically rebalanced. Over time, the percentages of stocks, bonds, and other investments change to become more conservative up to the fund's target date.

Target date retirement funds are convenient, especially for participants who are not confident about their ability to choose and monitor a mix of investments. However, like all investments, target date funds have a level of risk. It is possible for target date fund investors to lose money, and in 2008, many did.

For example, most target funds with a retirement date of 2010 were heavily invested in equities. Half of those lost more than 25 percent of their value, and some more than one-third, since the beginning of 2008.[1] The OPERS Target 2010 Fund fared somewhat better, reporting a -19.97 percent rate of return for calendar year 2008.

Last year's market volatility showed that even the most conservative target date funds are not designed to preserve capital, and losses are possible. A fund's target date does not automatically assure you will have enough to retire at that time.

As long as you are realistic in your expectations, target date funds offer a simple, low-cost retirement investing solution that may be appropriate if you:

- desire a fund that maintains an appropriate investment allocation based on your age or
- want a one-stop investment option for your long-term retirement planning.

Consider talking with an OPERS education representative when you are within three to five years of retiring. You will need to determine when you need the money in the target date fund and how to take distributions. Check out the *Defined Contribution Plan* tab under *Investments* at **www.opers.org** for information about the OPERS Target Date Funds.

Prior to investing, please review all fund information which is available on the OPERS Web site or by calling the OPERS Help Line.

[1] *"Retirement: Alternatives to Target-Date Funds" by Janet Paskin, Smart Money, December 29, 2008*

Senate weighs new rules for target date funds

Target date funds are popular with retirement investors, but regulators say new rules are needed to make the funds' composition and risks clearer.

Concerns arose when many 2010 target date funds reported high losses during the economic downturn. It became apparent that while funds from different providers may share the same target date, there are wide variations among their portfolios, asset allocations, and levels of risk.

As a result, the Senate's Special Committee on Aging asked the Department of Labor and the Securities and Exchange Commission to look into these concerns. The review process began with hearings in July and October 2009 and is expected to continue in 2010.

Keep your address current

When you log onto the My Benefits System (MBS), you will see a message if OPERS sent you mail that was returned as undeliverable.

At that point, you will provide an updated address or confirm that the address on file is correct. After you complete that step, you will be able to access your account on MBS.

This new enhancement assures that you will receive mail from OPERS without interruption. Until an updated address is provided, no more mail will be sent to you.

If you are not registered on MBS, signing up is easy. Go to **www.opers.org**, click on *Register* in the upper right hand corner of the home page, and follow the prompts to set up your personalized account.

Lessons learned from 2009: investing for retirement now

Our economy is still in the midst of major change. Painful as the economic events of the last two years were, they taught some lessons that apply to investing for retirement.

Save more

Until recently, Americans were spenders, not savers. Times have changed. The savings rate among consumers was 3.7 percent toward the end of 2009, up from just 0.2 percent in early 2008.[1]

One way to save more is to live below your means in the New Year. Try to save 10 – 15 percent of your income for retirement. Saving more this year may help you make up for some of the recent decline in the value of your retirement accounts.

It's important to get into the habit of saving and investing for retirement. If you stop whenever the stock market takes a dip, you risk spending the money instead of accumulating assets for retirement on a consistent basis.

Be realistic about risk

The market always moves in cycles. Whether a cycle is up or down, no one knows how extreme each cycle will be or how long it will last.

When the market went down sharply in 2008, so did the value of portfolios worldwide. In reaction, many investors took extreme measures. Some moved most or all of their retirement assets into a money market fund, stable value fund, or other cash equivalent investment. They now face another risk: if returns don't keep up with inflation, they could run out of money during retirement.

Others saw the market rebound in 2009 and tried to make up for lost ground. They invested in aggressive growth stock funds, aiming to pump up their returns but potentially risking further losses.

All investing involves some level of risk. However, diversifying your investments among a mix of stock, bond, and cash equivalent funds may help you manage risk in your retirement portfolio. You should have an asset allocation strategy that's appropriate for your age, the amount of time left before you expect to retire, and the level of risk you can tolerate.

Make a plan to keep investing

Many analysts forecast lower annual investment returns for the near future. If that happens, you may need to update your retirement planning.

Revisit your estimates for how much retirement income you will need, how much you can reasonably save, and how much your money needs to grow. Then review the investment choices available to you.

You can be more effective in investing for your retirement if you understand what to expect from different types of investments, including their potential returns and risks. Traditionally, investors have looked to stocks for long-term growth, bonds for current income, and cash for short-term protection of assets. Depending on your plan, you might decide to adjust your investment mix to take on more risk, or increase the amount you are saving for retirement, or invest for a longer period of time.

Having a plan that you monitor regularly can help you stay on track toward your retirement objectives, no matter what the market is doing.

[1] *Money magazine, December 2009, "Your Savings and Credit: The Outlook," page 78*

Test your knowledge: economic recovery

At the end of 2009, the U.S. economy showed signs of righting itself and growing again. Take this quiz to gauge what previous recessions might predict about the shape of things to come.

1 Recoveries in the stock market typically tend to begin:

a. before the economy starts to recover.

b. only after the economy is clearly out of recession.

c. about the same time as the recession ends.

2 The Great Depression was a perfect example of this shape of recession followed by recovery:

a. U

b. V

c. W

3 When the stock market is depressed, your best strategy is to:

a. shift your money from stock and bond funds into cash.

b. stick with your chosen asset allocation despite the bear market.

c. hold off on making new investments until you are certain the new bull market is here to stay.

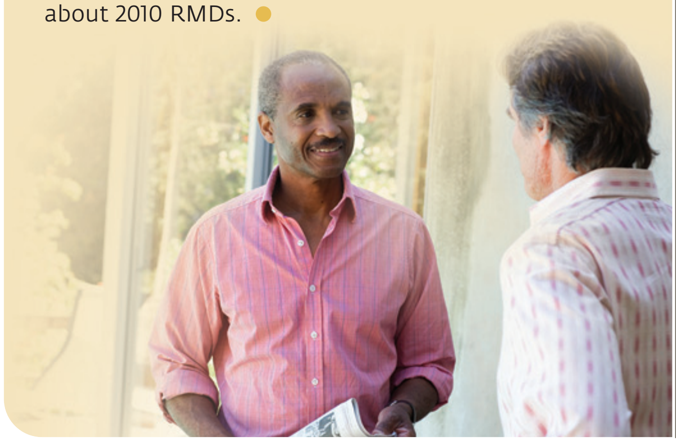
retiree corner

Required Minimum Distributions in 2010

Tax laws require you to begin annual withdrawals known as Required Minimum Distributions (RMDs) from your retirement accounts in the year you reach 70½, or in the year you retire, whichever is later.

The Worker, Retiree, and Employer Recovery Act of 2008 waived the requirement for the 2009 RMD due to the economic downturn. This meant that most participants and beneficiaries who would otherwise have been required to take minimum distributions for 2009 from retirement accounts did not have to withdraw any amount last year. Since the Act did not waive the requirement for 2010, RMDs are expected to resume this year.

Consult with your legal or tax adviser for guidance about 2010 RMDs.

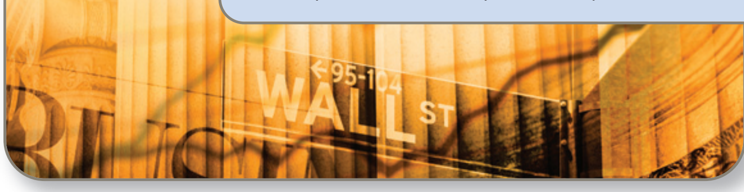


Answers

1 ***a.*** Based on past recessions, the stock market tends to recover three to six months on average before the recession ends.[1,2] That is why the market, measured using the performance of the Standard & Poor's 500 Index, is one of the 10 leading indicators that are supposed to help identify turning points in the economy.

2 ***c.*** The Depression of the 1930s was not one but several events. First came a recession that lasted from August 1929 to March 1933. That was followed by a recovery that lasted until May 1937. Next came a second recession that lasted until June 1938. The second upward leg of the W was a recovery that began midway through 1938 and lasted until early in 1945.[2]

3 ***b.*** All recessions are certain to end some day. On the other hand, the need to save for retirement and keep your retirement savings growing faster than inflation is a lifelong constant. So maintain your long-term investment strategy through market fluctuations. Investing in the stock market when stock prices are depressed means potentially valuable assets are available at what are likely to be bargain prices.



[1] *InvesTech, March 13, 2009.*

[2] *National Bureau of Economic Research, 2009.*

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

Ohio PERS Investment Options
Fund and Portfolio Returns
December 31, 2009

	Asset Class	Year-to-Date 12/31/09	Last Month 12/31/09	Prior 3 Months 12/31/09	Prior 6 Months 12/31/09	Calendar Years 2008	2007	2006	2005	2004	1-Year Ending 12/31/09	3-Years[1] Ending 12/31/09	5-Years[1] Ending 12/31/09	Expense Ratio
OPERS Target Date Funds														
Target Payout Fund	PO	16.44%	0.88%	2.38%	10.62%	-14.63%	6.26%	9.20%	6.00%	7.65%	16.44%	1.84%	4.10%	0.21%
Target 2010 Fund	10	18.21%	1.23%	2.67%	12.10%	-19.97%	7.16%	11.34%	7.10%	9.75%	18.21%	0.46%	3.87%	0.20%
Target 2015 Fund	15	21.14%	1.74%	3.23%	15.32%	-28.36%	7.96%	14.18%	8.63%	11.41%	21.14%	-2.15%	3.05%	0.20%
Target 2020 Fund	20	25.81%	2.34%	3.78%	18.64%	-33.50%	8.72%	15.97%	9.37%	12.76%	25.81%	-3.11%	2.90%	0.19%
Target 2025 Fund	25	28.98%	2.61%	4.15%	21.09%	-36.27%	8.90%	16.98%	9.73%	12.98%	28.98%	-3.62%	2.82%	0.19%
Target 2030 Fund	30	29.44%	2.72%	4.26%	21.53%	-37.15%	9.02%	17.37%	9.93%	13.20%	29.44%	-3.92%	2.73%	0.19%
Target 2035 Fund	35	29.72%	2.85%	4.30%	21.84%	-37.76%	9.08%	17.72%	10.11%	13.44%	29.72%	-4.15%	2.68%	0.19%
Target 2040 Fund	40	30.09%	2.92%	4.34%	22.16%	-38.52%	9.32%	18.14%	10.38%	13.66%	30.09%	-4.38%	2.66%	0.19%
Target 2045 Fund	45	30.51%	3.11%	4.44%	22.61%	-39.42%	9.43%	18.52%	10.65%	13.66%	30.51%	-4.71%	2.56%	0.19%
Target 2050 Fund	50	30.53%	3.10%	4.44%	22.58%	-39.39%	9.43%	18.52%	10.65%	13.66%	30.53%	-4.69%	2.57%	0.19%
OPERS Funds														
Stable Value	SV	3.20%	0.33%	0.96%	1.82%	4.00%	4.44%	4.48%	4.23%	4.13%	3.20%	3.88%	4.07%	0.23%
Bond	GB	17.67%	-0.89%	1.74%	8.18%	-5.26%	4.14%	4.82%	2.74%	5.24%	17.67%	5.10%	4.57%	0.20%
Stock Index	SI	28.35%	2.84%	5.90%	23.18%	-37.17%	5.18%	15.70%	6.15%	11.96%	28.35%	-5.34%	0.82%	0.03%
Large Cap	LC	28.73%	2.68%	6.44%	23.62%	-38.02%	3.30%	11.54%	6.32%	9.34%	28.73%	-6.24%	-0.45%	0.05%
Small Cap	SC	27.16%	8.05%	3.92%	24.05%	-33.27%	-3.14%	14.88%	7.99%	12.78%	27.16%	-6.33%	0.39%	0.08%
Non-U.S. Stock	NU	35.90%	2.70%	4.02%	24.53%	-48.85%	17.21%	25.26%	16.08%	17.07%	35.90%	-6.60%	3.45%	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 New York Stock Exchange is closed:

- **Monday, February 15, 2010**
- **Friday, April 2, 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)

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