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Changes to OPERS investment options

Recently, the OPERS Board of Trustees voted to change the management type of some of our core funds and enhance the diversification of our target date funds, to provide Member-Directed and Combined Plan participants a greater investment option lineup.

Changes that went into effect Dec. 3, 2010:

- The core OPERS investment options became primarily passively-managed (index) funds. The OPERS Stable Value Fund is the only option that remained actively managed.
- Some of the core OPERS investment options were 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 now include Treasury Inflation-Protected Securities (TIPS) and long duration bonds.
- The OPERS Target 2010 Fund was phased out as part of the normal rebalancing process. Assets were automatically transitioned to the OPERS Target Payout Fund.
- The new OPERS Target 2055 Fund has been added. This fund is appropriate for investors who have a long investment period and are planning on accessing money from this fund between 2053 and 2057. ●

Frequently asked questions

Q: Am I required to take any action as a result of these changes?

A: No, there is no member action required. The changes occurred automatically.

Q: Do these investment option changes involve an increase in fees?

A: No, the OPERS investment option fees will decrease or stay the same.

Q: How do I make changes to the investments which make up my OPERS account?

A: In order to change the investments in your account, you will need to call the OPERS Help Line at **(866) 673-7748** or you can make changes online through My Benefits System (MBS). If you are not registered for MBS, you can do so by visiting www.opers.org and clicking on the MBS **register** button in the top right corner of the homepage. MBS will guide you through the registration process. Once you have registered for MBS, follow these steps to manage your investments online.

1. Log on to MBS and click on the **My Contributions** link.
2. Click on the **View Your Account Balances** link. Then click on the **Manage Investments** link in the left column and choose **Change Elections**. This will allow you to change where your future contributions are allocated.
3. And/or click the **Fund Transfer** link. This will enable you to move money from your current balances into your choice of investment options. ●

Self-Directed Brokerage Account available in 2011

Toward the end of the first quarter of 2011

OPERS will introduce the option of a Self-Directed Brokerage Account (SDBA) to Member-Directed and Combined Plan participants.

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:

- Individual account minimum of \$5,000 is required before the SDBA can be established.
- Maximum of 50 percent of the member's OPERS portfolio can be invested in the SDBA.

For more information, visit the OPERS website, www.opers.org, or call the OPERS Help Line at **(866) 673-7748**. ●

OPERS investment option fees lowered

Experts agree that one of the most important factors in choosing investments for your portfolio is the investments' expense ratios. The lower the expense ratio, the more you keep in terms of investment returns.



Effective Dec. 6, 2010, four of the five core OPERS investment options that were previously actively-managed became passively-managed (index) funds. The OPERS Stable Value Fund is the only option that will remain actively-managed. In addition, because the OPERS target date funds primarily consist of the OPERS core investment options, the OPERS target date funds also became primarily passively-managed funds. These changes, approved by the OPERS Board of Trustees, lowered expense ratios for 15 of the 16 OPERS investment options.

The expense ratios for the OPERS investment options have been below industry averages for similar funds since inception in January 2003 and these recent changes reduce them even further. For example, the expense ratio for the OPERS Target 2025 Fund dropped from 0.19 percent to 0.07 percent. On a \$10,000 investment, that amounts to a savings of \$12 annually.

You can learn more about all OPERS investment options, including their new lower expense ratios, by visiting www.opers.org, then click on **Investments**. ●

Quarterly statements are going green

Last year, OPERS surveyed Member-Directed and Combined Plan participants. The majority of respondents indicated an interest in receiving their quarterly statements and transaction confirmations electronically. You asked, and we listened!

During the past several months, OPERS has worked hard to pursue this initiative. We are proud to announce this option is now available!

To reduce the amount of mail delivered to your mailbox, you can now receive your quarterly statements and account transaction confirmations in electronic form. Simply go to the OPERS website, www.opers.org, and log on to My Benefits System (MBS). Follow the links to your Defined Contribution account and select **My Mailbox** to set your mail preferences. Or call the OPERS Help Line at **(866) 673-7748** and we can set your mail preferences for you.

Steps to set your mail delivery preference:

- Visit the OPERS website, www.opers.org, to log on to My Benefits System (MBS).
- Access your Defined Contribution account by choosing **My Contributions** and select **View Your Account Balance**. Click on **My Mailbox** and select **Mail Delivery Preference**. The correspondence and account statements preferences will already be set to electronic delivery.
- Enter your preferred e-mail address and click **Submit**.
- You will see a message indicating that you have successfully changed your mail preferences to electronic delivery, and will receive a confirmation e-mail.
- When new correspondence or quarterly statements become available, you will be notified via e-mail. The e-mail will specify if the new electronic document is an account statement or a confirmation letter. Please note the e-mail will originate from INGSUPPORT@us.ing.com.
- To view your electronic documents, follow the first two steps above and click on **My Mailbox**. Next, select either **Correspondence** or **Account Statements** and select the document you wish to view. ●

Study reveals the habits of today's government workers

A recent ING study shows that government employees spend more time on other life habits than on habits related to their financial and retirement security.

Nearly all who participated in the survey reported that they consistently:

- Read e-mail and paper mail daily
- Check their bank accounts about every other day
- Have a budget and look at it often

Government employees plan ahead and take care of themselves:

- 94% get annual dental check-ups
- 91% take day trips and vacation time
- 88% write down their grocery lists before shopping
- 96% go out to dinner or a movie 33 times a year
- 69% exercise or go to the gym 128 times a year

But when it comes to thinking about or planning for retirement, their habits are less consistent:

- 96% have thought about their retirement income at some point
- 30% have never calculated what they will need to retire
- 25% don't have an expected retirement age
- 19% say they expect to retire "after age 70" or "never"

Retirement security was cited by 99% as one of three top issues of the highest importance and yet:

- Only 74% currently contribute to their voluntary retirement plans
- 56% say they can save a little for retirement
- Only 39% think they are saving enough
- Half wish they could save more

The ING Institute for Retirement Research surveyed 1,026 state and local government workers and published the results in *Public Employees in Focus* in September 2010. ●

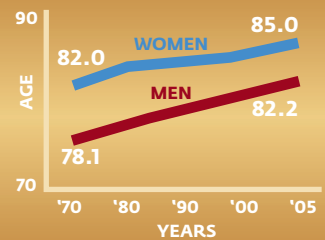
Living longer in retirement

Thanks to advances in medical care, the life expectancy for Americans has increased over the last four decades. That's good news, although it means your savings will need to last over a longer retirement.

The expected ages in the chart are merely averages. You and your spouse or partner could live even longer. So you may want to plan for retirement to last 30 years or more to make sure you don't outlive your savings.

Your financial adviser can help you review your asset mix to see if you are investing both for growth and income. He or she also can help you determine how your life expectancy might affect important decisions about your future, including whether to continue working after you finish your primary career and when to begin taking Social Security benefits, if you are eligible. ●

At age 65, you could have about 20 years or more ahead of you.



Average U.S. life expectancy from age 65. Source: National Center for Health Statistics. 2005 is the last year for which life expectancy data is available.



A tax refund can help you build retirement savings

If you are among the millions of people who will receive a federal income tax refund, consider putting the extra cash to work toward one or more of your long-term savings goals.

For example, you might be able to defer more from each paycheck into your 457 Plan account, knowing you have extra funds in the bank to cover expenses.

The IRS offers direct deposit for tax refunds. You can ask for the money to go into two or three different accounts, such as a checking or savings account, health savings account, Traditional or Roth IRA, or an educational savings account.

The funds arrive faster, going straight into your accounts earmarked for retirement, college, a home down payment, or emergencies — minimizing the temptation to spend the money instead. If you want direct deposit for your tax refund, simply complete Form 8888 and attach it to your Form 1040 tax return. ●



Ohio PERS Investment Options Fund and Portfolio Returns

December 31, 2010

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

OPERS Target Date Funds	Asset Class	Year-to-Date 12/31/10	Last Month 12/31/10	Prior 3 Months 12/31/10	Prior 6 Months 12/31/10	Calendar Years					1-Year Ending 12/31/10	3-Years ¹ Ending 12/31/10	5-Years ¹ Ending 12/31/10	10-Years ¹ Ending 12/31/10	Expense Ratio
						2009	2008	2007	2006	2005					
Target Payout Fund	PO	8.34%	1.81%	2.86%	8.46%	16.44%	-14.63%	6.26%	9.20%	6.00%	8.34%	2.50%	4.56%	N/A	0.09%
Target 2015 Fund	15	10.61%	3.25%	4.75%	13.18%	21.14%	-28.36%	7.96%	14.18%	8.63%	10.61%	-1.35%	3.43%	N/A	0.07%
Target 2020 Fund	20	12.59%	4.63%	6.55%	17.46%	25.81%	-33.50%	8.72%	15.97%	9.37%	12.59%	-1.97%	3.50%	N/A	0.07%
Target 2025 Fund	25	13.87%	5.66%	7.87%	20.75%	28.98%	-36.27%	8.90%	16.98%	9.73%	13.87%	-2.18%	3.58%	N/A	0.07%
Target 2030 Fund	30	14.10%	5.94%	8.24%	21.53%	29.44%	-37.15%	9.02%	17.37%	9.93%	14.10%	-2.45%	3.50%	N/A	0.07%
Target 2035 Fund	35	14.31%	6.12%	8.51%	22.08%	29.72%	-37.76%	9.08%	17.72%	10.11%	14.31%	-2.64%	3.45%	N/A	0.08%
Target 2040 Fund	40	14.41%	6.35%	8.74%	22.67%	30.09%	-38.52%	9.32%	18.14%	10.38%	14.41%	-2.91%	3.40%	N/A	0.08%
Target 2045 Fund	45	14.56%	6.69%	9.16%	23.78%	30.51%	-39.42%	9.43%	18.52%	10.65%	14.56%	-3.24%	3.27%	N/A	0.08%
Target 2050 Fund	50	14.55%	6.68%	9.14%	23.72%	30.53%	-39.39%	9.43%	18.52%	10.65%	14.55%	-3.23%	3.29%	N/A	0.08%
Target 2055 Fund	55	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.08%
OPERS Funds															
Stable Value Fund	SV	3.68%	0.32%	0.91%	1.80%	3.20%	4.00%	4.44%	4.48%	4.23%	3.68%	3.63%	3.96%	4.35%	0.18%
Bond Index Fund ²	GB	8.35%	-1.14%	-1.06%	2.25%	17.67%	-5.26%	4.14%	4.82%	2.74%	8.35%	6.50%	5.69%	5.94%	0.04%
Stock Index Fund ²	SI	17.00%	6.81%	11.62%	24.44%	28.35%	-37.17%	5.18%	15.70%	6.15%	17.00%	-1.92%	2.80%	2.18%	0.03%
Large Cap Index Fund ²	LC	16.60%	6.71%	11.19%	23.98%	28.73%	-38.02%	3.30%	11.54%	6.32%	16.60%	-2.38%	1.40%	2.62%	0.05%
Small Cap Index Fund ²	SC	27.05%	7.93%	16.22%	29.33%	27.16%	-33.27%	-3.14%	14.88%	7.99%	27.05%	2.54%	3.71%	5.89%	0.08%
Non-U.S. Stock Index Fund ²	NU	10.78%	7.89%	7.57%	26.45%	35.90%	-48.85%	17.21%	25.26%	16.08%	10.78%	-8.34%	2.48%	3.68%	0.10%

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, 5-Year and 10-Year investment returns are annualized.
2. Prior to December 2010, these funds were actively managed.

FSPD



quarterly calendar

The New York Stock Exchange is closed:

- Monday, February 21, 2011
- Friday, April 22, 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.