

PERSONal

INVESTOR

Spring 2007

A Publication for OPERS members participating in the Member-Directed and Combined Plans

> YOUR ACCOUNT

The ABCs of Your Plan

A is for Automatic

As a participant in the Member-Directed or Combined Plan, you make mandatory contributions to Ohio PERS through automatic payroll deduction into an account in your name. Your employer also makes contributions to OPERS. Members vest in their employer contributions based on their years of participation in the plan. If you terminate service before your account is fully vested, you will forfeit the non-vested balance.

B is for Beneficiary

Beneficiary designation is your way of indicating how to distribute your account if you die before retirement. To designate your beneficiary, you just need to submit a beneficiary designation update via the Member Benefits System (MBS) at www.opers.org or with the proper form through the mail. See related article on page 2.



C is for Changing

As you periodically review your investment strategy to see whether your asset allocation is in line with your Investor Profile and retirement objectives, you can change your investment options. Log on to MBS or call the Help Line at 1-866-673-7748 to reallocate your investment options.

Get the most out of your plan by taking the lead role in managing your retirement investments.

See “Be Sure Vital OPERS Information Finds You—Keep Your Personal Data Current” on page 2 for instructions on how to register with MBS and get your personalized account information.

The OPERS office will be closed in observance of Memorial Day on **Monday, May 28, 2007** and Independence Day, **Wednesday, July 4, 2007**. Transactions made on these days will be processed the following business day.

> BENEFICIARY DESIGNATION — AUTOMATIC OR SPECIFIC?

As an OPERS member, your beneficiary designation may be determined in one of two ways before you apply for a distribution. The first way is by **automatic succession** as established by Ohio law. Under automatic succession, your beneficiary is determined in the following order: 1) surviving spouse, 2) children (share equally), 3) dependent parents, 4) parents (share equally), and 5) your estate. The second method of designation is **specific designation**, which requires you to name a person, persons, trust, estate or an institution. Automatic succession will apply unless you file a specific designation.

If you have contributions in more than one of the OPERS retirement plans, you must file a different beneficiary designation for each plan in which you participate. Beneficiaries designated in one of the three OPERS retirement plans do not apply in all plans.

There are circumstances when Ohio law cancels a specific designation. Marriage, divorce, dissolution of marriage, legal separation or the birth or adoption of a child makes a prior specific designation invalid. If one of these events occurs and you do not submit a new specific designation to OPERS, your beneficiary will be determined by automatic succession. Likewise, if you take a refund of your contributions, your specific designation is canceled. If you become a member again, automatic succession will apply unless you file a specific designation.

To make or change your beneficiary designation, you can access the Member Benefits System (MBS) at www.opers.org (see related article on this page) or download the form from the “Member Forms & Publications” page of the Web site, or call 1-800-222-7377 to request the form.

> BE SURE VITAL OPERS INFORMATION FINDS YOU—KEEP YOUR PERSONAL DATA CURRENT

Have you moved recently or had a change in your family status? Updating your information with your employer does not mean it is changed with OPERS. It is your responsibility to let OPERS know of any changes in your personal data, including your beneficiary designation. By keeping your information current, you are assured of receiving accurate information from us in a timely manner, including your quarterly statements and this newsletter.

The easiest way to make these changes is through the Member Benefits System (MBS) at www.opers.org. Registering for MBS is simple. Just follow these steps:

1. Go to www.opers.org and under “Quick links” on the right hand side click the “MBS Login” button.
2. When the MBS login page appears, click “Register Now.”
3. Enter the information on the screen, and choose one of the challenge questions to answer. (It will be used in case you ever forget your password in the future.)

Upon completing these three steps, you will see a confirmation screen, letting you know that your registration was successful. You will receive a letter with your six-digit Personal Identification Number (PIN) in the mail. Once you’ve received your PIN, return to the login page and enter your user ID and PIN. You’re ready to start using MBS!

Workshops

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

The OPERS Education Team provides investment education and discusses the tools and resources available to help Member-Directed and Combined Plan participants manage their OPERS account. During the two-hour workshop, participants will learn different ways to help manage risk in their individual account. Participants will also complete and evaluate their specific Investor Profile and receive additional information regarding the nine OPERS Investment Options.

Call the OPERS Member Services Center at 1-800-222-7377 and ask for extension 8-3993 to reserve your spot at this informative workshop.

- **Cincinnati area:** 6:00 pm, Wednesday, May 16, 2007, *Huenefeld Tower Room, Public Library of Cincinnati and Hamilton County—Main Branch, 800 Vine Street, Cincinnati*
- **Toledo area:** 6:00 pm, Thursday, May 24, 2007, *Public Meeting Room, Toledo-Lucas County Public Library—Maumee Branch, 501 River Road, Maumee*

You can also check for upcoming workshops at www.opers.org. Click on “Seminars & Counseling” on the “Members” page.

Contribution Rates Increased in 2007

In 2007, the member contribution rate of 9 percent was increased to 9.5 percent. Employer contributions rates were raised from 13.70 percent to 13.85 percent for local employers and from 13.54 percent to 13.77 percent for state employers. Member and employer contribution rates will be increased to their statutory maximums (10 percent for members and 14 percent for employers) by 2008.

Your member contributions (less an administrative fee) are credited to your individual defined contribution account and invested in the OPERS investment options you select.

> INVESTMENT EDUCATION

What's the Point of a Basis Point?

One of the most important factors in choosing investments for your portfolio is the investment's expense ratio. An investment fund's expense ratio is its total annual operating expense (including management fees, distribution (12b-1) fees and other expenses) expressed as a percentage of average net assets. Expense ratios may also be expressed in "basis points." You can find the expense ratios for the nine OPERS Investment Options on page 4 of this newsletter, and on our Web site at www.opers.org. Click on "Member-Directed Plan" on the home page and "OPERS Fund Information" under "Your OPERS Account." You will find total returns for the investment options as well as the expense ratios.

One basis point is a unit equal to one hundredth of 1 percent (0.01 percent); so an investment with an expense ratio of 0.10 percent can also be said to have a fee of 10 basis points, which is equal to 1/100th of 1 percent. Although basis points may be an unfamiliar term, it is a lot easier to refer to basis points (e.g. 10 basis points) rather than it is to say "1/100th of 1 percent."

> INVESTMENT PERSPECTIVES

Current Investment Environment

Stock markets around the world experienced some volatility, but were generally higher in the first quarter of 2007. U.S. stock markets returned 1.27 percent and non-U.S. stock markets returned 3.75 percent. Turmoil in the stock market gave the bond market jitters and bonds ended the quarter with a total return of 1.60 percent.

Many of the same fears and risks from 2006 continued to give mixed economic signals in the first quarter of 2007. Potential risks that markets had to contend with included periodic fears of inflation as well as talk of an economic slowdown in the U.S.

> OPERS BOARD NEWS

The OPERS Board of Trustees elected Ken Thomas as chair and Cynthia Sledz as vice chair. Both will serve in these positions until December 2007. Thomas has represented municipal employees on the Board since 1993. He has been employed with the city of Dayton since 1986 and is a member of AFSCME, D.P.S.U. Local 101. Sledz has represented miscellaneous employees on the Board since 2002. She is employed as a librarian with the Cuyahoga County Public Library, and is a member of SEIU District 1199.

Hugh Quill has been named director of the Ohio Department of Administrative Services, and will serve as a statutory member of the OPERS Retirement Board.

Energy price spikes and geopolitical fears also continued to affect the markets. A new potential risk to the U.S. economy was sub prime loan issues that were feared to make the slumping housing market worse and may have some negative impact on the overall U.S. economy. Corporate profit growth also slowed in the first quarter.

Interest rates were slightly lower as the Federal Reserve continued to keep rates unchanged since the summer of 2006. The yield on the 10-year Treasury note, the foundation for long-term interest rates, began the quarter at year at 4.708 percent and ended the quarter at 4.651 percent.



OHIO PERS INVESTMENT OPTIONS
Total Returns
March 31, 2007

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

	Asset Class ⁵	Year-to-Date 3/31/07	Last Month 3/31/07	Prior 3 Months 3/31/07	Prior 6 Months 3/31/07	Calendar Years					1-Year Ending 3/31/07	3-Year ⁷ Ending 3/31/07	5-Year ⁷ Ending 3/31/07	Expense Ratio
						2006	2005	2004	2003					
OPERS Pre-Mixed Portfolios														
Conservative	CB	1.35%	0.56%	1.35%	4.67%	8.27%	4.88%	6.95%	13.42%	7.41%	6.46%	6.36%	0.20%	
Moderate	MB	1.38%	0.89%	1.38%	6.41%	11.51%	6.38%	9.28%	21.77%	8.84%	8.71%	7.37%	0.21%	
Aggressive	AB	1.53%	1.17%	1.53%	7.83%	13.94%	7.42%	10.78%	28.09%	9.81%	10.27%	8.12%	0.22%	
OPERS Funds														
Stable Value Bond	SV GB	1.11% 1.62%	0.38% 0.08%	1.11% 1.62%	2.26% 3.22%	4.48% 4.82%	4.23% 2.74%	4.13% 5.24%	3.99% 6.30%	4.54% 7.03%	4.33% 4.02%	4.35% 5.99%	0.21% 0.19%	
Stock Index ¹ Large Cap	SI LC	1.29% 0.17%	1.05% 1.04%	1.29% 0.17%	8.44% 5.45%	15.70% 11.54%	6.15% 6.32%	11.96% 9.34%	30.80% 29.61%	11.22% 7.80%	10.86% 8.58%	7.22% 5.70%	0.03% 0.32%	
Small Cap Non-US Stock	SC NU	1.89% 4.10%	1.25% 2.67%	1.89% 4.10%	10.56% 15.63%	14.88% 25.26%	7.99% 16.08%	12.78% 17.07%	48.45% 37.49%	3.63% 19.82%	10.52% 19.24%	9.79% 15.02%	0.30% 0.40%	
Custom Benchmarks														
Conservative Index ²	CB	1.53%	0.57%	1.53%	4.89%	8.68%	4.43%	6.33%	12.37%	7.96%	6.34%	5.87%		
Moderate Index ³	MB	1.62%	0.90%	1.62%	6.96%	12.48%	5.92%	9.48%	21.11%	9.90%	9.02%	7.31%		
Aggressive Index ⁴	AB	1.74%	1.14%	1.74%	8.55%	15.34%	7.00%	11.99%	27.92%	11.12%	11.02%	8.51%		
Underlying Benchmarks⁶														
Stable Value Index Bond Index	SV GB	1.25% 1.60%	0.45% 0.03%	1.25% 1.60%	2.52% 3.13%	4.85% 4.98%	3.06% 2.73%	1.33% 4.95%	1.15% 5.84%	5.08% 7.04%	3.42% 3.86%	2.56% 5.91%		
Stock Index Large Cap Index	SI LC	1.27% 1.22%	1.04% 1.04%	1.27% 1.22%	8.49% 8.26%	15.74% 15.46%	6.14% 6.29%	11.94% 11.38%	31.04% 29.90%	11.29% 11.85%	10.85% 10.73%	7.24% 6.89%		
Small Cap Index Non-US Stock Index	SC NU	1.95% 3.75%	1.07% 2.77%	1.95% 3.75%	11.02% 15.33%	18.35% 26.65%	4.56% 16.62%	18.32% 20.90%	47.25% 40.72%	5.89% 19.81%	12.00% 20.94%	10.91% 16.90%		

OPERS Investment Options inception date was 12-27-02. Performance prior to that date reflects that of the underlying investment managers rebalanced to target allocations monthly. See the Investment Options Guide for details about investment managers, target allocations, and expected fees. Past performance is not necessarily an indication of future performance. Total returns are net of investment management fees.

1. Underlying investment manager inception date was 12-31-98. Returns prior to that date are for the Russell 3000 Index net of expected fees.
 2. Custom index of underlying benchmarks with same target allocation as OPERS Conservative Portfolio.
 3. Custom index of underlying benchmarks with same target allocation as OPERS Moderate Portfolio.
 4. Custom index of underlying benchmarks with same target allocation as OPERS Aggressive Portfolio.
 5. Asset Classes suggest which benchmark to compare with each Investment Option. CB—Conservative Balanced, MB—Moderate Balanced, AB—Aggressive Balanced, SV—Stable Value, GB—Global Bond, SI—US Stocks Indexed, LC—Large Cap, SC—Small Cap, NU—Non US Stocks.
 6. Stable Value Index—Merrill Lynch 3-Month T-Bill, Bond Index—Lehman Brothers Universal, Stock Index Index—Russell 3000, Large Cap Index—Russell 1000, Small Cap Index—Russell 2000, Non-US Stock Index—MSCI ACWI x US.
 7. 3-Year and 5-Year investment returns are annualized.

CONTACT INFORMATION: 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.