

PERSONal

INVESTOR

Winter 2008

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

> YOUR ACCOUNT

Checking Your Progress

Even more important than reading your quarterly account statement is understanding what it means. Your account statement, which is sent each quarter with this newsletter, has valuable information that can help you track your investments' performance against your savings goals. It's a valuable resource for monitoring your account balance, managing your investments, keeping track of fund transfers and detailing account activity. Your statement shows the activity in your Plan account for the time period listed on the statement.

One of the most important sections on your statement shows your **Personal Investment Performance (PIP)**, which tells you how your particular mix of investments has performed during the statement period. You can find your PIP in the grey box on page 1 of the enclosed statement under "Your Total Account Value." PIP is expressed as a percentage, which reflects the performance of your entire account. This figure is based on your specific combination of investments and your account activity, such as contributions, exchanges and withdrawals. So, your PIP is unique to your account, and different from the performance figures reported for all of the Plan's investment options as found on page 4.

Here is an example of how PIP is calculated:

At the beginning of the quarter you owned one share of XYZ fund, with a starting price of \$10. You purchase a second share of XYZ fund in the middle of the quarter, at a price of \$11. The fund price at the end of the quarter is \$9. The return of the fund, measured from day 1 to day 91 is negative 10 percent (i.e. -10 percent). The return of the portfolio, however, will be different from that of the fund because of the activity of the account. Since the purchase during the quarter was at a higher price than the ending price, the portfolio performance is worse. In this case, the PIP of the portfolio is negative 14.3 percent (i.e. -14.3%). If the purchase during the quarter had been at a price lower than the ending price, the performance of the portfolio would have been better than that of the fund.

This is a simple example, but it does show how activity during a quarter can influence performance and why your PIP may be different from the returns listed on page 4.

Take the time to read and review your enclosed quarterly statement. For more information on your Personal Investment Performance, call the OPERS Help Line at 1-866-673-7748 to speak with a representative.

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Mark Your Calendar

The OPERS office will be closed in observance of **Martin Luther King Jr. Day on Monday, Jan. 21, 2008** and **President's Day on Monday, Feb. 18, 2008**.

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

Although the OPERS office will be open on **Good Friday, March 21, 2008**, representatives at the OPERS Help Line will not be available. Transactions made that day will be processed the following business day.

> YOU CAN PROVIDE FEEDBACK AND IDEAS FOR NEWSLETTERS

We are continually working to improve our newsletters as communications tools. We want to know what we can do to increase your interest in this publication. To help accomplish this, we have opened a permanent e-mail address for newsletter feedback —newsfeedback@opers.org. Please use this address to send comments on newsletter content and to provide suggestions.

> VRU OFFERS CONVENIENCE

We lead busy lives and don't always have the time to obtain and review our account information during normal business hours when the Help Line counselors are available to talk to us.

Because of this, OPERS offers an interactive Voice Response Unit (VRU) that allows you to access and manage your account 24 hours a day, 7 days a week. If you have a touch-tone phone dial 1-866-673-7748 and you can perform many functions including the following:

- Hear your current total account balance information, as well as balances for each investment option
- Hear information about the nine investment options, including fund prices and fund performance
- Perform transactions on your account, including transfers and reallocations
- Order forms and other documents

To access the VRU, you can use your Social Security number and Personal Identification Number (PIN) that you use for the OPERS Member Benefits System (MBS). If you do not have a PIN for MBS, go www.opers.org. On the top right side of the home page under "Log in. MBS," click on "Register Now" in the drop down menu and follow the simple instructions for obtaining an ID and PIN.

OPERS offers the VRU as a resource to help you with your busy schedule and encourages you to use this valuable tool to assist you in managing your account at your convenience.

Workshops

You Can Make a Choice of How to Participate

Now there are two ways to learn more about investing and managing your account with the *Managing Your Individual OPERS Account—A Workshop*.

In-Person 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. The workshop has been re-designed to a one-hour format to give participants a more convenient way to 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.

- **In-person in the Columbus area:**
4:30 pm, Wednesday, May 21, 2008,
Neil V. Toth Auditorium—North Side,
OPERS, 277 East Town Street, Columbus

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

Web Workshop

You will receive the same information as those attending the in-person workshop, but you can do it through the convenience of your own computer at lunchtime. You will need high-speed Internet access and a phone. The web workshop is interactive, so you can ask questions and learn from what others ask.

- **On the web:** Noon, Wednesday, March 19, 2008

Log on to www.opers.org/seminars/web/managing.shtml to register to participate in this web workshop.

Contribution Rates Increased in 2008

In 2008, the member contribution rate of 9.5 percent was increased to 10 percent for state and local employees. Employer contributions rates were raised from 13.85 percent for local employers and 13.77 percent for state employers to 14 percent for both.

Member and employer contribution rates have been increased over the last three years to reach their statutory maximums (10 percent for members and 14 percent for employers) in 2008.

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

> INVESTMENT EDUCATION

A New Year Means Making Resolutions

If getting your body in shape is one of your New Year's resolutions, be sure to get your retirement savings strategy in shape too. A good investment strategy is flexible and should be reviewed throughout your career to ensure your asset allocation is in line with your personal career and retirement objectives.

You don't need to do any heavy lifting, just maintain a consistent regimen. Most financial experts agree that you should review your account at least once a year, including your Investor Profile, especially if a life-changing event occurs during the year. The birth or adoption of a child, your marriage or divorce, or an illness may be reasons to change your investment strategy.

Even if you are invested in the Pre-Mixed Portfolios, which automatically rebalance and shift their investment mix on a regular basis, your goals and risk tolerance may change over time. A single investment option that you had chosen earlier may or may not be appropriate for your situation now, or in the future. You may want to switch funds or make other changes to

your account, which you may do at any time. For more information, including fees, expenses and underlying funds for these portfolios and all other Plan investment options, you may refer to the Morningstar® Fund Profiles and the Investment Options Disclosures document along with other investment information at www.opers.org.

Don't run in place, keep pace for the long term. Total returns are historically more consistent over longer periods of time. Smart investors, with a long time to invest, are willing to ride out short-term fluctuations in their investments because of the potential for longer-term gains. Do not let the ups and downs of the stock market reports distract you from your goals. You can do this by diversification, which means to spread your savings among different classes of investments to minimize risk and help you meet your goals. This will reduce the impact of any one investment and help lower your risk.

Attending an OPERS Workshop. Learning more is often a resolution. You can strengthen your financial health by attending a Workshop or logging into a web seminar (see related article on page 2) to learn how to make the most of your individual account.

> INVESTMENT PERSPECTIVES

Current Investment Environment

Stock markets around the world were mixed in the fourth quarter. The U.S. stock market had a rough fourth quarter and was down—3.35 percent (Russell 3000 Index). The U.S. stock market was volatile in 2007 due to the many fears and risks impacting the financial markets throughout the year, including the fear of inflation and/or recession, high energy prices, the U.S. dollar's tumble and problems in the housing and credit markets. For the fourth quarter of 2007, non-U.S. stock markets were down -0.66 percent. For the year, U.S. stock markets were up 5.13 percent and non-U.S. stock markets were up 16.66

percent. The bond returns for the fourth quarter and for the year were up with total returns of 2.67 percent and 6.52 percent respectively.

The economic fears and risks mentioned above hurt the U.S. economy and markets in the second half of 2007. Beginning in September, the Federal Reserve began cutting the federal funds rate in an attempt to prevent a recession. The Federal Reserve cut its short-term interest-rate target from 5.25 percent to 4.25 percent. The yield on the 10-year Treasury note, the foundation for long-term interest rates, began the year at 4.71 percent and ended the year at 4.02 percent.



OHIO PERS INVESTMENT OPTIONS
Total Returns
December 31, 2007

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

	Asset Class ⁵	Year-to-Date 12/31/07	Last Month 12/31/07	Prior 3 Months 12/31/07	Prior 6 Months 12/31/07	Calendar Years					1-Year Ending 12/31/07	3-Year ⁷ Ending 12/31/07	5-Year ⁷ Ending 12/31/07	Expense Ratio
						2006	2005	2004	2003					
OPERS Pre-Mixed Portfolios														
Conservative	CB	4.66%	-0.02%	-0.17%	1.23%	8.27%	4.88%	6.95%	13.42%	4.66%	5.92%	7.59%	0.20%	
Moderate	MB	5.20%	-0.32%	-1.47%	0.00%	11.51%	6.38%	9.28%	21.77%	5.20%	7.66%	10.68%	0.18%	
Aggressive	AB	5.65%	-0.54%	-2.37%	-0.91%	13.94%	7.42%	10.78%	28.09%	5.65%	8.95%	12.91%	0.18%	
OPERS Funds														
Stable Value														
Bond	SV	4.44%	0.37%	1.11%	2.17%	4.48%	4.23%	4.13%	3.99%	4.44%	4.38%	4.25%	0.23%	
	GB	4.14%	0.17%	1.26%	3.03%	4.82%	2.74%	5.24%	6.30%	4.14%	3.90%	4.64%	0.20%	
Stock Index¹														
Large Cap	SI	5.18%	-0.64%	-3.31%	-1.85%	15.70%	6.15%	11.96%	30.80%	5.18%	8.91%	13.60%	0.03%	
	LC	3.30%	-0.36%	-2.94%	-2.14%	11.54%	6.32%	9.34%	29.61%	3.30%	7.00%	11.67%	0.21%	
Small Cap	SC	-3.14%	-0.23%	-5.51%	-8.94%	14.88%	7.99%	12.78%	48.45%	-3.14%	6.31%	15.00%	0.24%	
Non-US Stock	NU	17.21%	-1.65%	-2.13%	3.27%	25.26%	16.08%	17.07%	37.49%	17.21%	19.45%	22.36%	0.32%	
Custom Benchmarks														
Conservative Index ²	CB	6.11%	-0.01%	0.42%	2.37%	8.68%	4.43%	6.33%	12.37%	6.11%	6.39%	7.48%		
Moderate Index ³	MB	6.43%	-0.32%	-1.01%	0.89%	12.48%	5.92%	9.48%	21.11%	6.43%	8.23%	10.91%		
Aggressive Index ⁴	AB	6.52%	-0.51%	-1.98%	-0.24%	15.34%	7.00%	11.99%	27.92%	6.52%	9.55%	13.48%		
Underlying Benchmarks⁶														
Stable Value Index	SV	5.00%	0.28%	1.05%	2.40%	4.85%	3.06%	1.33%	1.15%	5.00%	4.30%	3.07%		
Bond Index	GB	6.52%	0.29%	2.67%	5.35%	4.98%	2.73%	4.95%	5.84%	6.52%	4.73%	5.00%		
Stock Index	SI	5.13%	-0.61%	-3.35%	-1.84%	15.74%	6.14%	11.94%	31.04%	5.13%	8.90%	13.63%		
Large Cap Index	LC	5.77%	-0.65%	-3.23%	-1.31%	15.46%	6.29%	11.38%	29.90%	5.77%	9.09%	13.44%		
Small Cap Index	SC	-1.55%	-0.06%	-4.57%	-7.52%	18.35%	4.56%	18.32%	47.25%	-1.55%	6.80%	16.25%		
Non-US Stock Index	NU	16.66%	-1.45%	-0.66%	3.93%	26.65%	16.62%	20.90%	40.72%	16.66%	19.89%	24.00%		

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—Russell 3000, Large Cap Index—Russell 1000,

Small Cap Index—Russell 2000, Non-US Stock Index—MSCI ACWI xUS.

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.

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