



OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

In This Issue

Retirement Planning Specialist	2
Our Service Center Is Moving	2
Holiday Schedule	2
Evening Workshops	3
Food for Thought	3
More Honors for Your Program	3
Investing in Large-Cap Stock Funds ..	4
Stimulate Your Retirement Savings ...	4

Ohio 457 Focus

1-877-644-6457 • www.Ohio457.org

First Quarter 2009

Report from the Executive Director

It seems that almost everyone who is saving for retirement is shell shocked from the recession and related market downturn. The good news is that Ohio Deferred Compensation has a Stable Value Option (SVO). The SVO's objectives are to preserve principal value and provide a relatively stable rate of return. While the SVO's quarterly crediting rate went down during 2008, the one-year return at December 31 was 4.8%.

Over the past year, the SVO performed well compared to other stable value funds and exceeded the average money market fund by 2.8%. The SVO has achieved its returns while maintaining an average credit quality of AA+ for the underlying investments.

As new money moves into the SVO and is invested in the current lower interest rate environment, the quarterly crediting rate will likely continue to drop in the near term. However, the SVO is expected to continue to meet its stated objectives.

Please call our Service Center if you would like more information about the Stable Value Option and how it can fit into a diversified retirement savings plan for you.

Keith Overly

Adding Value for a Stronger Program

The series of events that have led to a decline in the housing market, the various financial markets, and the broader economy have tested almost everyone's patience and pocketbook. Although the Program and its investment managers can't turn around the markets, there are ways that we add value in good and in bad times.

Our Board and staff obtain ongoing professional development and remain active in professional organizations. This allows us to stay on top of industry trends and legislative matters while helping to create and implement best practices for deferred compensation plans. As a result, the Program has been a leader by offering lifecycle (LifePath) funds, EZ Enrollment, and a SMaRT automatic increase feature.



The Program has also been a long-time promoter of fee disclosure. We believe all participants can make better investment choices in our Program and with their other investments if they understand and have access to all investment-related fees.

The Board and staff conscientiously monitor costs and provide services and investment options at reasonable costs. For instance, the Program offers several low cost index funds and has reduced the cost of the LifePath funds by changing from mutual funds to lower cost commingled funds. The Board and staff, with the assistance of an independent investment consultant, also monitor the investment managers' performance on an ongoing basis.

For those who have a lower tolerance for risk, we have a Stable Value Option as well as two other fixed income investment options that provided positive investment returns during 2008.

The upcoming relocation of our Service Center will add convenience for many participants (see related article on page 2). Participants can also call the Service Center or visit our web site at www.Ohio457.org to obtain information or to conduct transactions.

continued on page 2...

Meet with a Retirement Planning Specialist

If you are interested in meeting with a Retirement Planning Specialist at one of the locations listed below, please call 1-877-644-6457, press 3, and an Account Executive will assist you with making the appointment.

April Meetings:

Canton – Perry Sippo Library

April 21, 2009

Cincinnati – Sharonville Library

April 23, 2009

Cleveland – Independence Library

April 29, 2009

May Meetings:

Toledo – Holland Branch Library

May 12, 2009

Akron – Odom Boulevard Branch

May 20, 2009

June Meetings:

Dayton – Fairborn Community Library

June 3, 2009

Cincinnati – Green Township Branch

June 4, 2009

The above dates and locations may be subject to change due to availability and participation. We look forward to meeting with you soon!

Information presented by the Retirement Planning Specialist is for educational purposes only and is not intended as investment advice.

Board Member Appointed

Charlie R. Adkins was appointed to the Board by the Treasurer of State as an investment expert. Mr. Adkins will serve a four-year term ending January 2013.

Our Service Center Is Moving!

Effective June 15, 2009

The Ohio Deferred Compensation Service Center is moving from its Dublin location to provide better, more convenient service to most of our participants.

WHERE: 257 East Town Street, Suite 457
Columbus, OH 43215-4626

The new location in downtown Columbus is easy to find and has visitor parking available. Our toll-free telephone number, 1-877-644-6457, will remain the same, but our fax number will change to a new number. Look for updates in the next newsletter or on our web site.

WHEN: We plan to move over the weekend of June 13 to be ready for business on Monday, June 15.

WHY: We hear from many of our participants that it would be more convenient for Ohio Deferred Compensation to be located within walking distance of most Ohio public pension systems. In addition, the Program will experience a long-term cost savings, which ultimately benefits you, our participants.

Holiday Schedule

January and February were busy months for our Service Center. The Program mailed quarterly and annual statements, which prompted many participants to contact the Service Center about their account. We appreciate your patience during these busy times. If you wish to check your account balance, change your deferral amount, or adjust your investment allocation, you can avoid waiting on hold by using the web site or automated telephone system.

The Service Center and exchange processing will be affected by the following New York Stock Exchange holiday schedule. Exchanges received during the holiday closings will be processed as of the market close on the next business day.

<u>Holiday</u>	<u>Service Center Closed</u>	<u>Exchanges Processed</u>
Good Friday	4/10/09	4/13/09
Memorial Day	5/25/09	5/26/09
Independence Day (observed)	7/3/09	7/6/09

Value ...continued from page 1

The Program also provides worksite educational workshops regarding budgeting, closing your retirement gap, and investment fundamentals such as managing investment risk, asset allocation, and diversification. A new educational workshop titled *Putting Your 457 in Perspective Past, Present, and Future* will be available in April to help participants learn about investing even during these difficult times.

Retirement Planning Specialists are available at the Service Center and also travel throughout the state to provide participants who are near or in retirement with retirement planning services. If you would like more information about any of these services or opportunities, please call us at 1-877-644-6457.

Evening Workshops Offered in Toledo and Akron Areas

Because many of you aren't able to attend a workshop or speak with one of our Account Executives at your place of employment, the Program will offer evening workshops in the Toledo and Akron areas. Our Account Executives will conduct a retirement readiness workshop covering basic topics such as asset allocation, risk tolerance, catch-up deferrals, and withdrawal options. As a part of the workshop and afterwards, we look forward to addressing individual questions, but will be unable to perform detailed individual account reviews.

Register for the evening workshops today to learn more about your Ohio Deferred Compensation retirement savings plan! Feel free to bring your spouse or a co-worker to learn more about the Program.

For participants with more advanced needs, please contact us to schedule a one-on-one consultation with a Retirement Planning Specialist.

Toledo Area:

Monday May 11 (two sessions) 5:30 p.m. or 7:30 p.m.
Holiday Inn French Quarter, 10630 Fremont Pike,
Perrysburg, 43551

Akron Area:

Tuesday May 19 (two sessions) 5:30 p.m. or 7:30 p.m.
Holiday Inn Akron-West, 4073 Medina Rd, Akron, 44333

Space is limited. Please call 1-877-644-6457 to register.

Watch future newsletters for additional evening workshops in other Ohio cities

Food for Thought

What's eating into your savings goals? These days, finding money to pack away for the future isn't easy. But planning ahead is something you can't afford *not* to do. So pack a lunch a couple times each pay period and put the money you save toward your retirement instead. Investing just \$20 of your lunch money per pay period could make a big difference at retirement.

Lunch money saved per pay period	\$ 20
Pay periods per year	<u>x 26</u>
Total lunch money saved per year	\$520

Savings over 30 years with inflation	\$29,164 ^(A)
Invested over 30 years	\$92,015 ^(B)

Tell your friends to pack their lunch too

You're making a smart decision to invest in your future with the Ohio Deferred Compensation Plan. Are your coworkers doing the same thing? Tell your coworkers about how you're getting ready for retirement by packing your lunch and increasing what you contribute this year.

Make packing your lunch even more fun by encouraging your friends to make the same smart choice. They might like to know that your plan is just that – yours. You decide how much to contribute, what you invest in, and how to use your money when you retire.

Get ready now. Be ready later. Call us toll-free at 1-877-644-6457 to find out how much you should be contributing *today* to meet your personal financial goals later.

^(A) Amount per pay adjusted for inflation by 4% annually.

^(B) Assumes an average annual return of 8% and average annual rate of inflation of 4%. Also assumes savings are invested at the end of each month. Total balance of \$92,015 does not reflect deductions for federal or state taxes. Withdrawals are taxed as ordinary income.

This illustration is hypothetical and is not intended to serve as a projection of the investment results of any specific investment. Neither the accumulation nor after-tax amount takes into consideration fees or expenses associated with any particular investment. Investment return is not guaranteed and will vary depending upon your investments and market experience. Investing involves risk, including possible loss of principal.



More Honors for Your Program

Pension & Investments Magazine recently announced their Eddy Award winners, which recognize premier investment education programs for defined contribution plans. Ohio Deferred Compensation was awarded top prize in the public sector special projects group for its SMaRT plan education and marketing campaign. This yearlong effort encouraged participants to enroll in an automatic deferral increase plan to help them achieve substantially greater savings over their career. Over 4,000 participants have enrolled in the SMaRT plan to date.

In addition to the honors received by the SMaRT education campaign, Auditor of State Mary Taylor and the Government Finance Officers Association recognized the Program for excellence in the annual audit and financial report. These awards highlight the Program's commitment to fiscal responsibility, efficiency, and high standards.

Test Your Knowledge...

Ohio Deferred Compensation Quiz



True or False?

1. Ohio Deferred Compensation is part of Ohio Public Employees Retirement System (OPERS).
2. I am required to use my social security number as my log in for the web site.
3. I can contribute to a 403(b) and Ohio Deferred Compensation at the same time.

Answers:

1. **FALSE.** Although Ohio Deferred Compensation will be located next to the OPERS offices, the two organizations are separate. However, most of the Board members serving OPERS, also serve on the Ohio Deferred Compensation Board.
2. **FALSE.** Ohio Deferred Compensation prefers you change your log in to something other than your social security number to further help you protect your account information.
3. **TRUE.** If your employer is eligible to offer both a 403(b) plan and Ohio Deferred Compensation, you may participate in both plans. Since plan limits are not coordinated between 403(b) plan and 457(b) plans, you could contribute the maximum annual deferral amount of \$16,500 to both plans under normal IRS limits.

Investing in LARGE-CAP Stock Funds

Investing in a stock fund is buying into a diversified portfolio of company common stocks. Stock funds often choose to focus their investments on the size or “capitalization” of certain companies. Larger companies are usually well established and have proven products, so their stock prices fluctuate less. For these reasons, large-cap stock funds are generally considered less risky than investing in smaller companies.

Within the large-cap category, you can further classify funds based upon their style. Large-cap growth funds invest in companies with superior earnings or that are projected to grow faster than other companies. Large-cap value funds focus on companies that are less expensive, undervalued compared to the market, or grow more slowly than other large-cap stocks. Large-cap blend funds have portfolios that represent the overall large-cap market.

The Program offers five different large-cap funds. Understanding how size and style works can help you choose the appropriate fund for you. You can find a link to Morningstar Fund Profiles on our home web page, which will provide you with more information on these investment options.

Fund Name	Fund Style
Dodge and Cox Stock	Value
Fidelity Contrafund	Growth
Fidelity Growth Company	Growth
Janus Twenty	Growth
Vanguard Institutional Index	Blend

If you have questions about investing in large-cap funds or would like to request a fund prospectus, please contact an Account Executive at the Service Center.

Stimulate Your Retirement Savings

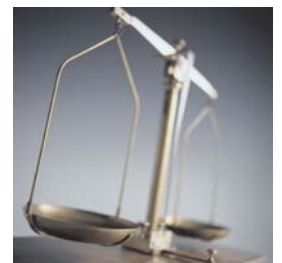
On February 17, 2009 President Obama signed the American Recovery and Reinvestment Act of 2009 into law. Billed as the largest stimulus package in a long time, it encompasses recovery, relief, and tax tools designed to address the current economic crisis.

One of the provisions, the “Making Work Pay” tax credit is actually received through a reduction in payroll withholding levels in 2009 and 2010. The IRS issued an updated version of the withholding tables and asked employers to begin using them as soon as possible, but no later than April 1, 2009. Therefore, your take-home pay should have recently increased.

Why not go back to your old take-home pay and “stimulate” your retirement savings. By increasing your deferral with an amount equal to this withholding decrease, you can increase your retirement savings without reducing your previous take-home pay. To make this change, please contact the Service Center or visit our web site today.

Are You Properly Diversified?



If you are like many people, the recent market downturn in the equity markets has you focused on your account balance and rate of return. Have you also taken time to review your asset allocation? Your asset allocation will most likely have a substantial impact on your long-term returns. Take a few minutes to review your allocation to determine if it is time to rebalance your account. If you need assistance, just give us a call.









Ohio Deferred Compensation

Investment Performance Report — As of March 31, 2009

The results shown represent past performance and should not be considered a representation of future performance or experience. Past performance cannot guarantee future results. Current investment results may be lower or higher than quoted in this report. The principal value and investment return of an investment will fluctuate so that an investor's units/shares, when redeemed, may be worth more or less than their original cost. Performance data current to the most recent month-end may be obtained by visiting www.Ohio457.org. Although data is gathered from investment providers, the Program cannot guarantee completeness and accuracy. Please see other important disclosures at the end of this report. **Consider the investment objectives, risks, charges, and expenses carefully before investing by consulting your prospectuses, which contain this and other information. Prospectuses are available by calling 1-877-644-6457 or visiting www.Ohio457.org. Read the prospectus carefully before investing.**

VRU Fund #	Ticker Symbol	1st Quarter	Average Annual Returns				Expense Ratio ⁽¹⁾	
			1 Year	3 Year	5 Year	10 Year		
Ohio DC Options								
 LifePath Portfolios								
110	LifePath 2010	n/a ⁽²⁾	-4.02%	-19.31%	-3.65%	0.53%	2.28%	0.45%
111	LifePath 2020	n/a ⁽²⁾	-6.76%	-28.09%	-7.82%	-1.34%	0.47%	0.45%
112	LifePath 2030	n/a ⁽²⁾	-8.90%	-34.13%	-10.88%	-2.75%	-0.81%	0.45%
113	LifePath 2040	n/a ⁽²⁾	-10.70%	-38.82%	-13.42%	-4.01%	-2.00%	0.45%
 Stable Value								
			(Annualized Return)	1st Quarter 2009 — 4.10%		2nd Quarter 2009 — 4.00%		
101	Stable Value Option	n/a ⁽²⁾	1.00%	4.54%	4.85%	4.80%	5.42%	0.31%

Mutual Funds

 International Stock Funds								
532	Templeton Foreign	TEMTX	-7.88%	-43.38%	-13.12%	-2.59%	2.38%	1.14%
209	Vanguard International Growth ⁽³⁾⁽⁴⁾	VWILX	-10.23%	-45.56%	-12.91%	-1.25%	0.32%	0.35%
310	Vanguard Total International Stock Index ⁽³⁾	VGTSX	-12.97%	-46.60%	-13.36%	-1.02%	0.16%	0.29%
 Small-Cap Stock Funds								
402	FPA Capital ⁽³⁾	FPPTX	-6.21%	-39.06%	-15.09%	-4.44%	5.79%	0.88%
403	Hartford Small Company	HIASX	-10.70%	-38.30%	-15.05%	-2.42%	2.11%	0.70%
210	Vanguard Small-Cap Index	VSCIX	-13.48%	-39.04%	-16.65%	-4.68%	2.57%	0.07%
 Mid-Cap Stock Funds								
208	Vanguard Capital Opportunity ⁽³⁾⁽⁴⁾	VHCAX	0.26%	-33.42%	-10.39%	-0.63%	8.20%	0.43%
 Large-Cap Stock Funds								
202	Dodge & Cox Stock	DODGX	-14.86%	-45.20%	-18.36%	-6.58%	2.60%	0.52%
306	Fidelity Contrafund	FCNTX	-6.44%	-33.79%	-9.16%	0.25%	1.58%	0.95%
307	Fidelity Growth Company	FDGRX	-2.57%	-34.82%	-10.88%	-1.36%	0.43%	0.94%
291	Janus Twenty	JAVLX	0.19%	-38.15%	-4.83%	2.66%	-3.04%	0.86%
565	Vanguard Institutional Index	VINIX	-10.98%	-38.02%	-13.03%	-4.75%	-2.96%	0.05%
 Balanced Funds								
201	Dodge & Cox Balanced	DODBX	-10.35%	-35.24%	-12.67%	-4.35%	3.34%	0.53%
 Bond Funds								
207	PIMCO Total Return	PTRAX	1.43%	2.72%	6.39%	4.66%	6.17%	0.77%
211	Vanguard Total Bond Market Index	VBPIX	0.38%	3.30%	5.92%	4.21%	5.58%	0.07%

⁽¹⁾ Investment returns for the Ohio DC Options and Mutual Funds have been reduced for gross Expense Ratios. These average Expense Ratios may vary from time to time. The Expense Ratios for the Ohio DC Options are established by the Program.

⁽²⁾ The LifePath portfolios and Stable Value Option are not publicly traded mutual funds and do not have a ticker symbol or prospectus. These options are only available through Ohio Deferred Compensation. The value of the securities held by the Stable Value Option will fluctuate. The Stable Value Option focuses on principal preservation and a stable rate of return.

⁽³⁾ This fund may be subject to a redemption fee. Please consult the Program web site or fund prospectus for additional information.

⁽⁴⁾ Returns include performance of a different share class achieved prior to the inception of the Admiral or Institutional share classes. Returns were not recalculated to reflect the fees of the Admiral Share class.

Contact Us

Ohio Deferred Compensation Program is a supplemental retirement benefit plan regulated by Section 457 of the Internal Revenue Code. Total participant accounts are 194,000, with over \$6.1 billion in assets.

If you have questions regarding the Program, write or call an Account Executive at:

Ohio Deferred Compensation

6085 Emerald Parkway
Dublin, OH 43016

Hours:

Monday - Friday
8:00 a.m. - 5:30 p.m.

Automated Telephone

System:
24 hours a day, 7 days a week

1-877-644-6457 • www.Ohio457.org

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Executive Director

Withdrawal Election

Participants who have severed from employment are able to **start, stop, change, and restart payments from the Program anytime**. At age 70½, participants must meet the minimum distribution requirements of the Internal Revenue Code.

Payments may begin after the Program has received the employer's verification of severance, final deferral, and completed Withdrawal Election form. All requests to start payments must be made on signed Program forms. If the forms are returned by the 15th day of the month, payments will **start on the 20th day of the following month**.

Payment Options

There are flexible payment options from which to choose:

- Annual percent, dollar amount, or time period
- Partial lump sum
- Full lump sum

Payments can be made annually, semi-annually, quarterly, or monthly. Participants may delay withdrawals until the year they turn age 70½. Funds that remain in the Program will stay invested as the participant chooses and will continue to be subject to market risk.

The Program permits rollovers of any portion of an eligible distribution. However, before making a rollover decision, a participant should carefully compare the investment options available, associated fees, expenses, and accessibility.

Investment Performance Report Notes

Investment Performance: Investment returns on the Investment Performance Report do not reflect the deduction of historical asset fees or the current administrative fee. The Board may suspend the administrative fee at its discretion. All reported mutual fund returns assume reinvestment of capital gains and dividends and reflect the fund's expense ratio. The Ohio DC Options are not mutual funds or registered investment companies.

Stable Value Option: Annualized returns are net of investment management, custody, principal protection, and plan administration fees. A fund profile can be obtained for the Stable Value Option by calling 1-877-644-6457 or visiting www.Ohio457.org.

LifePath Portfolios: Portfolios are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, these portfolios experience risks and expenses ratios, including applicable fees and expenses, of the underlying funds. The use of asset allocation and/or diversification does not guarantee profits.

International Funds: Funds that invest internationally involve risks not associated with investing solely in the U.S., such as currency fluctuation, political risk, differences in accounting, and the limited availability of information.

Small Company Funds: Funds investing in stocks of small or emerging companies may have less liquidity than those investing in larger, established companies and may be subject to greater price volatility and risk than the overall stock market.

Bond Funds: Bond funds have the same interest rate, inflation, and credit risks that are associated with the underlying bonds owned by the fund.

Historical Asset Fee

Time Period	Mutual Funds/ Stable Value
4/1/98 - 3/31/99	.10%
4/1/99 - 12/31/99	.05%

Administrative Fee

Time Period	Quarterly Amount
1/1/00 - 9/30/06	\$2.00

The quarterly \$2.00 administrative fee has been suspended 10/1/06 - Present.