

OHIO DEFERRED COMPENSATION 457 FOCUS



1-877-644-6457

www.Ohio457.org

Second Quarter 2011

Save *More* Tomorrow

Public employee pension benefits are being debated at a national level and in many states, including Ohio. Public employees in Ohio may experience reductions to their pension and retiree health care benefits as pension reform proposals move forward in the legislative process.

Research released by the Transamerica Center for Retirement Studies finds “not only that many American workers are largely unprepared for retirement, but that relatively few have a backup plan in the event they are forced into retirement earlier than planned.” Will you be prepared for retirement if your benefits are reduced?

Generally, the four retirement planning options you have are: retiring later, working part-time during retirement, not retiring at all, or saving more for retirement. Health issues might limit your ability to take advantage of the first three options.

Saving more for retirement is the only option that gives you more control of your retirement planning. Regardless of your age or length of time until retirement, by taking action now to save more, you can improve your options later.

We can help you, and it might be easier than you think, especially with our SMarT automatic increase program and other savings options available.

Keith Overly
Executive Director

You Can Go Paperless!



We're offering you something new at Ohio Deferred Compensation. Now you can choose to receive your Quarterly Statements electronically with eDelivery.

Sign up for eDelivery and your Quarterly Statements are only a click away. Now you can login to our secure website to see your current statement. We will add each Quarterly Statement to your archive as this service progresses until we have saved your past four quarters.

We know that time—and space—are valuable to you, and eDelivery gives you your retirement savings information in a secure, convenient, fast, and dependable way.

Still wondering if eDelivery is right for you? We all know that reducing paper helps the environment, but there are added benefits when you go paperless. Having less mail delivered to your home means less clutter and more storage space for other things. Having your statements no longer sent through the mail also increases your security and helps protect your identity.

The advantages don't stop there. Once you opt into eDelivery, you'll receive an email notification every quarter announcing that your statement is ready. It's as simple as that!

You now have a choice in how you receive your Quarterly Statements. Make managing your account easier. Go paperless with eDelivery today!

Login to your Ohio DC account at www.Ohio457.org and go to “eDelivery Preferences” under “Online Profile.” Just follow the simple instructions to sign up. Or call your Ohio DC Service Center at 1-877-644-6457 for assistance.

Time for Your Account Check-Up?

We've Expanded Our Services for You

We recently added a fourth Retirement Planning Specialist (RPS) for you! If you are within five years of retirement or you're already retired, you might want to schedule an appointment with an RPS.

Each RPS is a Chartered Financial Consultant (ChFC) who helps Program participants with planning for retirement at no charge in any of three ways—at the Service Center in Columbus, at meeting sites throughout Ohio, or over the phone.

Among the topics covered during an appointment:

- Your retirement goals
- Strategies to minimize taxes
- Coordinating income from various sources
- General information about tax deferrals
- Payment scenarios
- Deferred compensation investment allocation strategies during retirement

An RPS will be available to meet with you in the following cities on these selected dates to discuss your account:



August:

August 4 – Toledo – Main Library

August 17 – Canton – North Branch Library

September:

September 14 – Akron – Tallmadge Branch Library

September 28 – Cleveland – Strongsville Library

October:

October 6 – Cincinnati – Sharonville Branch Library

October 26 – Sandusky – Main Library

The complete RPS schedule is available online at www.Ohio457.org under “News & Events.” To schedule an appointment, please call an RPS toll-free at 1-877-644-6457. Information presented by the RPS is for educational purposes only and is not intended as investment advice. Neither Nationwide nor its representatives provide tax, legal, or investment advice. Please consult your professional advisor for such advice.

Evening Seminar Offered in Columbus Area

Ohio DC will present an evening educational seminar at the Holiday Inn Worthington on September 13 at 7:00 p.m. that will cover basic topics: **asset allocation, risk tolerance, catch-up deferrals, and withdrawal options.**

As part of the seminar and afterwards, we look forward to addressing individual questions, but we will not be able to perform detailed individual account reviews.

Please register for this evening seminar today to learn more about your Ohio DC retirement savings. Feel free to bring your spouse or a co-worker. Space is limited. Call 1-877-644-6457 to register. Complete information is available at www.Ohio457.org.

Your Personal Planning Center

Go to www.Ohio457.org

Have you visited **My Personal Planning Center** on your new Ohio457.org? Take some time to see what's there for you; we think it'll be worth your while.

We've added the **Personal Planning Center** so that you can decide which section or sections apply to you. Are you "just starting out," "good with the basics," "a do-it-yourselfer," "nearing retirement," or "already retired"? We're sure you'll find the right information for your particular situation.

Targeted tools and resources can help you make more informed decisions about your retirement savings. We've added three new **Tools & Calculators**, including the Interactive Retirement Planner. Knowledge can lead to more confidence in your investment decisions. So, take some time to increase your confidence at Ohio457.org today!



A screenshot of the Ohio Deferred Compensation website. The page features a navigation bar with links for Home, Contact Us, About Us, and Employer Website. A search bar is located in the top right. Below the navigation bar are tabs for Enroll, Program Information, Investment Information, and Help Me Plan. The main content area is titled "My Personal Planning Center" and includes a list of options: "I'm just starting out", "I'm good with the basics", "I'm a do-it-yourselfer", "I'm nearing retirement", and "I'm already retired". A prominent red banner reads "I'm a do-it-yourselfer." with a photo of a woman. Below this banner is a section titled "I'm a do-it-yourselfer" with a congratulatory message and a list of tools and calculators: "Tools & Calculators", "Investment Information", "Understanding Fees", "Market Information", "SMarT Plan (Automatic Deferral Increase)", and "Rollover to Ohio DC". To the right is a "Secure Login" section with fields for Username and Password, and a "Login" button. Below the login section are links for "New Users", "Account Access Home", and "Reset Username and Password". A "Quick Links" section on the far right lists "Forms", "Tools & Calculators", "Publications", and "Understanding Fees". The footer contains contact information for Ohio Deferred Compensation, including the phone number 1-877-644-6457 and the address 257 East Town Street, Suite 457, Columbus, Ohio 43215-4626. It also includes links for Privacy, Security Information, and Legal Terms, and a copyright notice for 2011.

Who Is Your Beneficiary?

Beneficiary Update Time

None of us like to think about it, but it's one of those "necessary evils." It's important to plan to whom you will leave your Ohio DC account that you've put your hard-earned money into over the years. This is a serious decision that requires your serious action. And, we at Ohio DC want to make sure that we carry through on your requests.

Please take the time today to check your personal records and login to your online account at www.Ohio457.org to make sure we have your up-to-date beneficiary information. To add or change a beneficiary, you can find the **Beneficiary Change Form** on the website under "Resource Center" and then "Forms."

Print and complete the form, making sure to **sign the form** before mailing it back to us. If you don't have website access, call the Service Center at 1-877-644-6457 to request this form. It's that easy—and one less thing you'll have to think about!

We Salute You!

Make-Up Deferrals for Qualified Military Personnel

The Board and staff of Ohio Deferred Compensation sincerely thank all U.S. military personnel for their dedicated service to our country. We hope that you had a happy Fourth of July!

If you are an Ohio DC participant who is a reemployed public employee following military active duty, you can make up the contributions that you missed while you were on duty.

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) provides that qualified military service personnel who are reemployed can choose to make up missed deferrals within five years of the date of reemployment or three times the period of the participant's military service, whichever is less.



If you missed deferring to Ohio DC because you were on military leave, contact an Account Executive at 1-877-644-6457. You might be eligible to exceed the current annual deferral limit to make up those deferrals you missed while on active duty.

Lower Fees = Lower Cost to Vanguard Investors

On April 20, the Program transferred participants who were invested in the Vanguard Total International Stock Index fund from Investor share class (ticker symbol VGTSX) to the Vanguard Total International Stock Index fund Institutional share class (ticker symbol VTSNX). This action lowered fees for participants invested in this Vanguard fund.

The underlying investments are **the same** in both share classes; only the fees are different. This transfer lowered the annual expense ratio from 0.26% to 0.15%. Lower fees means that more money stays in your account for retirement!



Ohio Deferred Compensation

Investment Performance Report — As of June 30, 2011

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	2nd Quarter	YTD	Average Annual Returns				Expense Ratio ⁽¹⁾		
				1 Year	3 Year	5 Year	10 Year			
Ohio DC Options										
LifePath Portfolios Inception Date										
120	LifePath Retirement ⁽²⁾	8/1/2005	n/a ⁽³⁾	1.21%	3.73%	14.15%	5.47%	5.79%	5.50% ⁽⁴⁾	0.24%
121	LifePath 2015 ⁽²⁾	7/5/2006	n/a ⁽³⁾	1.08%	4.00%	17.19%	4.63%	5.15% ⁽⁴⁾	5.15% ⁽⁴⁾	0.24%
122	LifePath 2020 ⁽²⁾	8/1/2005	n/a ⁽³⁾	0.81%	4.18%	19.78%	4.36%	4.81%	5.13% ⁽⁴⁾	0.24%
123	LifePath 2025 ⁽²⁾	7/5/2006	n/a ⁽³⁾	0.73%	4.45%	22.22%	4.14%	4.61% ⁽⁴⁾	4.61% ⁽⁴⁾	0.24%
124	LifePath 2030 ⁽²⁾	8/1/2005	n/a ⁽³⁾	0.55%	4.44%	24.17%	3.85%	4.28%	4.89% ⁽⁴⁾	0.24%
125	LifePath 2035 ⁽²⁾	7/5/2006	n/a ⁽³⁾	0.37%	4.61%	26.01%	3.62%	4.07% ⁽⁴⁾	4.07% ⁽⁴⁾	0.24%
126	LifePath 2040 ⁽²⁾	8/1/2005	n/a ⁽³⁾	0.27%	4.79%	27.93%	3.38%	3.78%	4.60% ⁽⁴⁾	0.24%
127	LifePath 2045 ⁽²⁾	7/5/2006	n/a ⁽³⁾	0.28%	4.97%	29.60%	3.13%	3.52% ⁽⁴⁾	3.52% ⁽⁴⁾	0.24%
128	LifePath 2050 ⁽²⁾	9/30/2007	n/a ⁽³⁾	0.18%	5.18%	31.38%	3.35%	-0.92% ⁽⁴⁾	-0.92% ⁽⁴⁾	0.24%
Stable Value										
			(Annualized Return)	2 nd Quarter 2011 — 3.10%			3 rd Quarter 2011 — 3.10%			
101	Stable Value Option		n/a ⁽³⁾	0.76%	1.59%	3.39%	3.86%	4.31%	4.79%	0.38%

Mutual Funds

International Stock Funds										
532	Templeton Foreign	TFFAX	0.95%	7.52%	34.25%	3.70%	4.78%	7.36%	0.94%	
209	Vanguard International Growth ⁽⁵⁾⁽⁶⁾	VWILX	1.62%	4.94%	34.90%	2.07%	4.89%	7.02%	0.35%	
310	Vanguard Total International Stock <u>Index</u> ⁽⁵⁾⁽⁶⁾	VTSNX	0.73%	3.77%	30.93%	-0.38%	3.30%	7.03%	0.15%	
Small-Cap Stock Funds										
402	FPA Capital ⁽⁵⁾	FPPTX	-1.99%	10.95%	46.08%	9.51%	7.49%	10.79%	0.86%	
403	Hartford Small Company	HIASX	0.84%	12.96%	45.24%	6.26%	5.70%	7.10%	0.73%	
210	Vanguard Small-Cap <u>Index</u>	VSCIX	-1.14%	7.63%	39.51%	9.40%	5.68%	7.40%	0.13%	
Mid-Cap Stock Funds										
208	Vanguard Capital Opportunity ⁽⁵⁾⁽⁶⁾	VHCAX	-1.55%	3.67%	29.82%	4.10%	5.57%	5.84%	0.41%	
Large-Cap Stock Funds										
202	Dodge & Cox Stock	DODGX	0.32%	6.29%	30.99%	2.18%	0.07%	5.20%	0.52%	
306	Fidelity Contrafund	FCNTX	-0.54%	4.37%	28.20%	2.57%	4.96%	7.14%	0.92%	
307	Fidelity Growth Company	FDGRX	1.77%	10.21%	41.56%	5.44%	7.65%	4.69%	0.89%	
291	Janus Twenty	JAVLX	-0.03%	1.08%	22.49%	-3.96%	6.35%	4.53%	0.97%	
565	Vanguard Institutional <u>Index</u>	VINIX	0.10%	6.02%	30.67%	3.40%	2.98%	2.74%	0.04%	
Balanced Funds										
201	Dodge & Cox Balanced	DODBX	0.67%	5.62%	24.17%	4.46%	2.38%	5.77%	0.53%	
Bond Funds										
207	PIMCO Total Return	PTRAX	1.80%	2.86%	5.67%	9.20%	8.60%	7.11%	0.72%	
215	Vanguard Total Bond Market <u>Index</u>	VBTIX	2.28%	2.57%	3.70%	6.45%	6.58%	5.55%	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 and include a 0.09% Program administrative expense.

⁽²⁾ Returns shown for the periods prior to 12/18/2007 are those of the respective LifePath Index F series, net of historical Program administrative expenses.

⁽³⁾ LifePath portfolios and Stable Value Option (SVO) are not publicly traded mutual funds and do not have a ticker symbol or prospectus. These options are available only through Ohio Deferred Compensation. The value of the securities held by the SVO will fluctuate. The SVO focuses on principal preservation and a stable rate of return.

⁽⁴⁾ Average annual return since inception date.

⁽⁵⁾ This fund may be subject to a redemption fee. Please consult the Program website or fund prospectus for additional information.

⁽⁶⁾ 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

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

Ohio Deferred Compensation Program is a supplemental retirement benefit plan regulated by Section 457 of the Internal Revenue Code. If you have questions regarding the Program, write, visit, or call an Account Executive at:

Ohio Deferred Compensation

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

Walk-in hours: 8:00 a.m. – 4:30 p.m. Monday – Friday

Phone hours: 8:00 a.m. – 5:30 p.m. Monday – Friday

Automated Telephone System: 24 hours, 7 days a week

1-877-644-6457

Ohio457@Nationwide.com

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www.Ohio457.org

Access the website 24 hours a day, 7 days a week:

- Check your account balance
- Exchange funds
- Access fund information, investment education, and retirement planning tools
- Change your deferral amount and/or allocation
- Update your personal information
- Print a Beneficiary Election Form

Holiday Schedule

The Service Center and exchange processing will be affected by the following New York Stock Exchange holiday schedule. When the Service Center is closed, you may still access your account by using the automated telephone system or the website. Exchanges received on holidays will be processed as of the market close of the next business day.

<u>Holiday</u>	<u>Date Closed</u>	<u>Exchanges Processed</u>
Labor Day	9/5/2011	9/6/2011

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Add or update your email
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www.Ohio457.org



Investment Performance Report Notes

Investment Performance: Investment returns on the Investment Performance Report do not reflect the deduction of the historical 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.

Administrative Fee: An administrative fee of \$2.00 per quarter was charged 1/1/2000 to 9/30/2006. The quarterly \$2.00 administrative fee has been suspended since 10/1/2006 to present.

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: Each LifePath Portfolio is based on a target year (when you expect to begin using your money). Portfolios are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. These portfolios experience risks and expense ratios, including applicable fees and expenses, of the underlying funds. There is no guarantee that LifePath Portfolios will provide enough income for retirement.

International Funds: Funds that invest internationally involve risks not associated with investing solely in the United States, 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.