

OHIO DEFERRED COMPENSATION 457 FOCUS



1-877-644-6457

www.Ohio457.org

Third Quarter 2011

Coping with Volatility

Understandably, many participants are concerned about recent market volatility, especially as they recall what happened in 2008.

When markets become volatile, people often think they need to react or make drastic changes to their account. As Ohio Deferred Compensation has done in the past, we continue to encourage people to maintain a long-term view. Continue to defer, make sure you are properly diversified, and avoid attempts to "time the market."

Recently, Fidelity Investments conducted a study to determine the impact of investors' actions during the 2008–2009 market decline.* Fidelity's conclusions were, "Those who abandoned equities or ceased contributing to their DC plans—two common, tempting reactions to an apparent market crisis—fared much more poorly than those who held fast to their existing strategies." Fidelity also concluded that panic and "knee-jerk reactions to market downturns can result in losses that may be difficult, if not impossible, to recover."

You are not alone if market volatility has made you feel unsure as to whether you are properly diversified. We have Account Executives, planning tools, and target date funds to help you.

Keith Overly
Executive Director

* "In the Face of Extreme Market Volatility, the Best Move May Be None At All," Fidelity Investments, Aug. 2011.

You Can Go Paperless! It's Safe and Secure with eDelivery



Your identity and security are valuable to you—and important to us!

Since June, you've had a choice in how to receive your Ohio Deferred Compensation Quarterly Statements and Focus newsletters.

By signing up for eDelivery, your quarterly information will be available online. This free service is **safe, secure, and convenient.**

You can securely log in and see your current Quarterly Statement at any time. We will archive each past Quarterly Statement as the eDelivery service progresses, until we have saved your most recent four quarters. Are you still wondering if eDelivery is right for you? There are other benefits to eDelivery:

- ④ Simple and convenient with a couple of clicks
- ④ No risk of your information being lost in the mail or left in an unprotected mailbox
- ④ No extra storage space is needed for paper statements
- ④ A little something extra you can do for the environment
- ④ Saves paper and postage, which can lower Program costs

Security and protection are just the beginning. Your Quarterly Statements and newsletters will be available online—earlier than if we mailed them to you. Once you sign up for eDelivery at www.Ohio457.org, you'll receive an email every quarter announcing that your statement is ready. It's as simple as that!

Now you have a choice. Make managing your account safer and easier by going paperless with eDelivery today! Choose this new, safe service by logging in to your account at www.Ohio457.org.

Cash Out and Invest Your Unused Sick Leave and Vacation Time

Did you know that your missed vacation might pay for a future vacation in retirement?



Many employees can cash out unused sick leave and/or vacation time at year-end. Most retiring employees will get their unused sick and vacation time paid to them at the end of their employment.

This is an opportunity to invest your leave into your Ohio DC account.

It's easy! To defer your year-end leave pay, ask your payroll manager for the dollar amount of leave you have available and the date it will be paid out. Ohio DC must receive your request at least 30 days before your pay date, so please call us at least 30 days in advance. Many participants must complete this request in early November in order to take advantage of the December cash out.

If your leave cash out is due to your termination (ending employment or retiring), the IRS requires the deferred cash out be made within 75 days of your termination date or within the same calendar year in which you terminate, whichever is longer. The request to defer your termination cash out must also be completed one month prior to that pay date.

Call the Service Center at 1-877-644-6457 to defer your leave pay.

Investing involves market risk including possible loss of principal.

Meet Tina Stevens: A Real Program Champion!

Ohio Deferred Compensation would like to recognize and offer our sincere thanks to Program participants who go out of their way to make a difference in the lives of others.

This quarter, we recognize and thank Tina Stevens from The MetroHealth System's Human Resources Department.

Ms. Stevens has 25 years of experience with The MetroHealth System—one of the largest employers utilizing Ohio DC services. Ms. Stevens is an unbiased employee resource who understands the power of retirement savings. She goes the extra mile by:

- Constantly reminding new and existing employees to contact one of the deferred compensation providers to make sure employees are aware of the opportunity to save money for retirement.
- Periodically calling our local representative and the Ohio DC Service Center to keep current on Program changes and to understand the differences between the plans offered through The MetroHealth System, so she can educate employees about the similarities and differences between plan types and providers.
- Meeting with upcoming retirees to go over lump-sum sick and vacation payments, catch-up, and retirement withdrawal options.

It is a privilege to work with Ms. Stevens and the staff at The MetroHealth System!



Tina Stevens
Human Resources
The MetroHealth System

This individual's experience may not be representative of other plan participants. There is no guarantee their objectives will be met.

Meet with a Retirement Planning Specialist

Would you like to **take more control** of your retirement? If you need help, now's the perfect time because we just added another Retirement Planning Specialist (RPS) to your Service Center.

Each RPS is a Chartered Financial Consultant (ChFC) who can help 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 deferral
- 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:

November Meetings:

November 3, 2011 – Toledo – Mott Library
November 8, 2011 – Canton – Main Library

December Meetings:

December 1, 2011 – Cleveland – North Olmsted Library
December 6, 2011 – Dayton – Main Library

To schedule an appointment, please call toll-free at 1-877-644-6457, press 3, and an Account Executive will assist you with making your appointment. The RPS schedule is also available at www.Ohio457.org under “News & Events.”

The above dates and locations may be subject to change due to availability and participation.

Information presented by the Account Executives and Retirement Planning Specialists is for educational purposes only and is not intended as investment and tax advice.



New Webinars Coming! National Save for Retirement Week (October 17–21)

To encourage you to take action with your retirement planning, Ohio Deferred Compensation will offer the following webinars during National Save for Retirement Week.

“Invest in Your Future” Webinar – This webinar is for Ohio public employees who are not currently enrolled in the Program. This Program overview will cover why it is important to save for retirement and how easy it is to get started. **Tuesday, October 18 at 11:30 a.m. Please tell a friend!**

“Closing the Gap” Webinar – This webinar is for participants with five or more years until retirement. It identifies issues participants might face due to a retirement gap (difference between expected retirement income and expenses). Learn how to estimate your gap and prepare an Action Plan to close the gap. An interactive worksheet is used to assess your individual situation as part of this webinar. **Wednesday, October 19 at 11:30 a.m.**

“Approaching Retirement” Webinar – This webinar is for participants who are getting close to retirement. It covers asset allocation, risk tolerance, catch-up deferrals, and withdrawal options. **Thursday, October 20 at 11:30 a.m. and 2:00 p.m.**

Registration is required to participate in these webinars. To register, visit www.Ohio457.org. Go to the webinar link under “News & Events.” Each webinar is limited to 200 *registered* attendees.

What's a Benchmark?

If someone offers you an investment and explains that it earned 10% for the one year ended June 30 2011, would you buy it? While this return sounds good, you should ask yourself—compared to what? You need to know what similar investments earned during the same period to see if this investment performed better or worse than average. Investing involves market risk and past performance does not guarantee future results.

An investment benchmark is a standard against which the performance of an individual security or group of securities is measured. For example, many large-cap mutual funds compare their returns against the S&P 500, an index of 500 leading companies of the U.S. economy.

In our example, the 10% return would be good if the investment was a bond fund. Their benchmark return was 3.9% for this period (Barclays Capital U.S. Aggregate Index). The 10% return would not be so good if the investment was a large-cap fund. Their S&P 500 benchmark return was 30.7% during this period. As you can see, you cannot determine success by your personal performance numbers alone. You need to compare performance to something, and that something is usually the benchmark.

Remember that some investment options are managed to exceed their benchmarks. These actively managed options take more risk in attempting to outperform and charge higher fees for the extra research. Passively managed, or index options, are managed to meet their benchmarks and usually charge lower fees. Investing involves risk including possible loss of principal and there is no guarantee that investment objectives will be achieved.

We provide benchmark information online at www.Ohio457.org. Just click the “Investment Information” tab on our Home page, and then click “Quarterly Investment Performance vs. Benchmarks.” Benchmark information is a good resource to help make informed investment decisions.



A graphic showing a login form with fields for Username and Password, both containing asterisks. The text "Login" is at the top left, "Username" is below it, and "Password" is below that. The Username field contains 15 asterisks and the Password field contains 6 asterisks.

Online Security Reminder

If you are still using your **Social Security number** as your username, you should **replace it** to prevent identity theft.

You can change your account username to another username of your choice. Go to www.Ohio457.org and log in to your account. Click “Online Profile” located on the left side of the page. Then click “Username Password Change” and follow the instructions. If you have difficulty changing your username, call 1-877-644-6457 for assistance.

Ohio Deferred Compensation

Investment Performance Report — As of September 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	3rd 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⁾	-4.09%	-0.52%	2.60%	5.96%	4.06%	4.55% ⁽⁴⁾	0.24%
121	LifePath 2015 ⁽²⁾	7/5/2006	n/a ⁽³⁾	-6.08%	-2.33%	1.97%	5.05%	2.91%	3.68% ⁽⁴⁾	0.24%
122	LifePath 2020 ⁽²⁾	8/1/2005	n/a ⁽³⁾	-8.13%	-4.29%	1.02%	4.43%	2.17%	3.48% ⁽⁴⁾	0.24%
123	LifePath 2025 ⁽²⁾	7/5/2006	n/a ⁽³⁾	-9.95%	-5.93%	0.01%	3.83%	1.50%	2.34% ⁽⁴⁾	0.24%
124	LifePath 2030 ⁽²⁾	8/1/2005	n/a ⁽³⁾	-11.27%	-7.33%	-0.63%	3.31%	0.89%	2.67% ⁽⁴⁾	0.24%
125	LifePath 2035 ⁽²⁾	7/5/2006	n/a ⁽³⁾	-12.61%	-8.57%	-1.40%	2.84%	0.35%	1.25% ⁽⁴⁾	0.24%
126	LifePath 2040 ⁽²⁾	8/1/2005	n/a ⁽³⁾	-13.87%	-9.74%	-2.10%	2.38%	-0.21%	1.90% ⁽⁴⁾	0.24%
127	LifePath 2045 ⁽²⁾	7/5/2006	n/a ⁽³⁾	-14.96%	-10.73%	-2.49%	1.94%	-0.72%	0.22% ⁽⁴⁾	0.24%
128	LifePath 2050 ⁽²⁾	9/30/2007	n/a ⁽³⁾	-16.02%	-11.67%	-3.08%	1.96%	-5.09% ⁽⁴⁾	-5.09% ⁽⁴⁾	0.24%
Stable Value										
				(Annualized Return)	3 rd Quarter 2011 — 3.10%		4 th Quarter 2011 — 3.00%			
101	Stable Value Option		n/a ⁽³⁾	0.77%	2.37%	3.27%	3.73%	4.23%	4.71%	0.38%

Mutual Funds

International Stock Funds										
532	Templeton Foreign	TFFAX	-21.27%	-15.35%	-8.55%	1.61%	-0.72%	6.34%	0.94%	
209	Vanguard International Growth ⁽⁵⁾	VWILX	-22.29%	-18.45%	-12.54%	0.97%	-1.02%	6.38%	0.35%	
310	Vanguard Total International Stock <u>Index</u> ⁽⁵⁾	VTSNX	-20.93%	-17.95%	-12.19%	-0.55%	-2.20%	6.24%	0.15%	
Small-Cap Stock Funds										
402	FPA Capital ⁽⁵⁾	FPPTX	-19.82%	-11.04%	5.68%	6.30%	2.96%	10.27%	0.87%	
403	Hartford Small Company	HIASX	-21.90%	-11.78%	2.25%	1.49%	1.11%	7.33%	0.73%	
210	Vanguard Small-Cap <u>Index</u>	VSCIX	-21.38%	-15.38%	-2.21%	2.70%	0.77%	7.31%	0.13%	
Mid-Cap Stock Funds										
208	Vanguard Capital Opportunity ⁽⁵⁾⁽⁶⁾	VHCAX	-18.22%	-15.22%	-4.40%	2.32%	0.24%	6.59%	0.41%	
Large-Cap Stock Funds										
202	Dodge & Cox Stock	DODGX	-18.83%	-13.73%	-4.08%	-0.49%	-4.92%	4.14%	0.52%	
306	Fidelity Contrafund	FCNTX	-11.64%	-7.78%	0.94%	3.51%	2.23%	6.80%	0.92%	
307	Fidelity Growth Company	FDGRX	-15.20%	-6.54%	4.33%	6.76%	4.09%	6.13%	0.89%	
291	Janus Twenty	JAVLX	-16.00%	-15.09%	-7.27%	0.19%	2.38%	5.00%	0.97%	
565	Vanguard Institutional <u>Index</u>	VINIX	-13.87%	-8.69%	1.13%	1.28%	-1.15%	2.84%	0.04%	
Balanced Funds										
201	Dodge & Cox Balanced	DODBX	-14.14%	-9.31%	-1.72%	3.00%	-1.52%	4.73%	0.53%	
Bond Funds										
207	PIMCO Total Return	PTRAX	-1.12%	1.71%	0.71%	9.57%	7.55%	6.33%	0.71%	
215	Vanguard Total Bond Market <u>Index</u>	VBTIX	4.02%	6.69%	5.28%	7.99%	6.61%	5.52%	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 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>
Thanksgiving Day	11/24/2011	11/25/2011
Friday after Thanksgiving	11/25/2011 (Open until 1:00 pm)	After 1:00 pm 11/28/2011
Christmas (obs)	12/26/2011	12/27/2011
New Year's Day (obs)	1/2/2012	1/3/2012
Martin Luther King, Jr. Day	1/16/2012	1/17/2012

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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.