



OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

In This Issue

- New Federal Withholding Tax Tables . 2
- Resources to PLAN 2
- Your Service Center Has Moved! 2
- Evening Workshops 3
- Holiday Schedule 3
- Make Your Vote Count Twice 3
- Test Your Knowledge 4
- Program Champions 4
- Meet with an RPS 4

Ohio 457 Focus

1-877-644-6457 • www.Ohio457.org

Second Quarter 2009

Report from the Executive Director

Although the economic recovery is predicted to take several years, most equity markets experienced substantial gains during the second quarter of 2009. As a result of market gains and new participant contributions, total participant assets increased by \$500 million or 8.2% from March 31st to June 15th. While the recent gains are encouraging, no one knows what the future will hold. For that reason, we continue to encourage participants to take a long-term approach to investing and avoid knee-jerk reactions to short-term market conditions.

Throughout the tough economic times, the Program has remained committed to providing you with quality investment products and services. As you can see in the related articles, the recent relocation of the Service Center will add convenience for many participants, and beginning in August, we are providing you with more LifePath options at a lower cost. Evening workshops and sessions with Retirement Planning Specialists will continue to be provided around the state at locations near you.

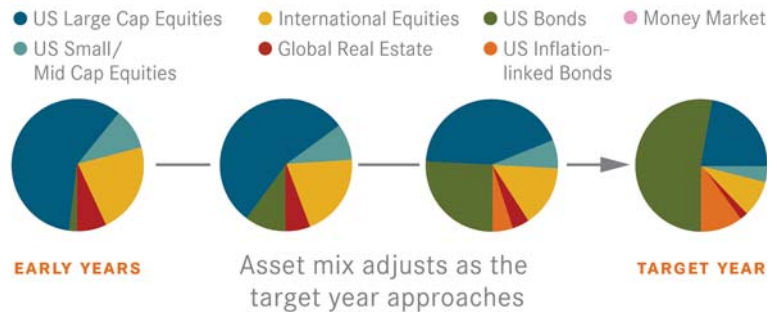
Please take advantage of these services and our other resources.

Keith Overly

Changes Coming to LifePath Target-Date Portfolios

In 2003, the Program introduced the Barclays LifePath options as a strategy that provides participants with an easy-to-use investment choice that can be used from the first day in the Program all the way through retirement. Each LifePath option holds a diversified mix of asset classes, and the LifePath portfolio managers slowly adjust the asset mix over time to reflect the typical investor's changing tolerance for risk and return as the investors approach retirement age.

Each fund holds a range of assets



Since LifePath was introduced, the Program has used an actively managed version that allows the investment manager to attempt to produce above-average returns in some asset classes. However, during the past three years, this active management has not added as much value as originally anticipated. Based upon a search by our independent investment consultant to identify the most appropriate target-date options for our participants, the Program's Board made the decision to move LifePath investors to the index version of Barclays LifePath on August 28, 2009. The indexed version of LifePath attempts to replicate the markets and has lower fees. The annual expense ratios will decrease from 0.45% to 0.25%, which is a 45% reduction.

In addition to moving from the actively managed to the indexed version, there are two other LifePath changes. First, instead of offering ten-year LifePath increments (2020, 2030, etc.), the Program will be offering five-year increments (2020, 2025, 2030, 2035, etc.). These extra options will provide greater selection, making it easier to pick the most appropriate fund. Second, LifePath 2010 investors will be moved into the LifePath Retirement option on August 28.

Before investing, carefully consider the option's investment objectives, risks, charges, and expenses. The fund profile contains this and other important information. If you have questions about investing in LifePath options or would like a fund profile, please contact a Program Account Executive or visit our web site.

New Federal Withholding Tax Tables

The "Making Work Pay" federal tax credit changed the IRS tax withholding tables for 2009 and 2010. The new tables were effective with the Program's March withdrawals.

For those participants having federal taxes withheld based on marital status and the number of exemptions claimed (as opposed to the required 20% federal tax withholding rate on partial or full lump-sums or periodic payments for less than 10 years), the effect was a decrease in the tax withheld and a corresponding increase to the net payment. Depending on your eligibility for this tax credit, this change could result in under-withholding of federal taxes during the year and a larger amount of taxes due with your tax return.

Ohio Deferred Compensation Plan does not provide tax advice please make sure to discuss changes with a tax advisor. If you decide to change the amount of federal tax withheld from your Program withdrawals, a new Form W-4P Withholding Certificate must be completed. Please call us at 1-877-644-6457 to have this form mailed to you.

Resources to PLAN

The Ohio Retirement & Savings Awareness Initiative is a collaborative effort promoting personal finance education and personal savings. The partnership ultimately seeks long-term benefits for members of the state's retirement systems and Ohioans by focusing on members' overall financial health and encouraging them to **P**repare for retirement, **L**earn about saving, and **A**ct **N**ow (PLAN).

Members of the initiative include:

- Ohio Deferred Compensation
- Ohio Public Employees Retirement System
- School Employees Retirement System of Ohio
- State Teachers Retirement System of Ohio
- Ohio Police and Fire Pension Fund
- Ohio Highway Patrol Retirement System
- Ohio Attorney General
- Ohio Treasurer of State
- Ohio Tuition Trust
- Ohio Department of Commerce, Division of Securities
- Ohio Department of Administrative Services



Additional supporters include:

- American Federation of State, County and Municipal Employees

Look for this logo to soon be on members' web sites. Then follow the link to common resources to help you PLAN!

Your Service Center Has Moved!

The Ohio Deferred Compensation Service Center has moved from its former Dublin location to provide better, more convenient service to most of our participants. Our new location is:

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



"Walk-in" visiting hours are from 8:00 a.m. to 4:30 p.m. Please note that, we cannot accept visitors without an appointment after 4:30 p.m. Our business hours for telephone assistance remain 8:00 a.m. to 5:30 p.m.

We made the move because we heard from many of our participants that it would be more convenient for the Service Center 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.

Participants wishing to meet with a representative from the Program can visit us at our new location in downtown Columbus. Visitor parking is available. Our toll-free telephone number, 1-877-644-6457, will remain the same, but our new fax number is 614-222-9457. Visit our web site for a more detailed map and driving directions.

Evening Workshops Offered in Cleveland and Dayton Areas

The Program will offer evening workshops in the Cleveland and Dayton area in the coming months. Our Account Executives will conduct a retirement readiness workshop covering basic topics such as asset allocation, risk tolerance, catch-up deferrals, and withdrawal options. We look forward to addressing individual questions, but we will be unable to perform detailed individual account reviews. Please contact us to schedule a one-on-one consultation with a Retirement Planning Specialist on another date.

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.

Cleveland Area:

Monday, September 21 (two sessions) 5:30 p.m. or 7:30 p.m. – Embassy Suites Cleveland – Beachwood, 3775 Park East Dr, Beachwood, 44122

Dayton Area:

Thursday, September 24 (two sessions) 5:30 p.m. or 7:30 p.m. – Holiday Inn Dayton/Fairborn I-675 – 2800 Presidential Dr, Fairborn, 45324

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

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 web site. Exchanges received on the 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	9/7/2009	9/8/2009

New Board Member Appointed

Senator Jason H. Wilson was appointed to the Board by the Ohio Senate President as a statutory Board member. Senator Wilson has been a Senate member since January 2007 and his current term expires December 2012.

Dollar-Cost Averaging Helps Manage Market Volatility

One of the key benefits of the Program is dollar-cost averaging — investing the same amount of money at regular intervals regardless of the price. You accomplish this through contributions that are regularly deducted from your paycheck.

When fund prices are down, your deferrals purchase more shares. When fund prices are up, your deferrals purchase fewer shares.

Lower cost over time

By continuing your deferrals through a down market, you may pay less for your investments than their average price over a long period of time. This type of strategy involves continuous investment in a security regardless of the fluctuating price levels of such securities. Of course, dollar-cost averaging does not guarantee a profit or protect against loss in a declining market.

Keep contributing

You don't have to do anything different to take advantage of dollar-cost averaging. As long as you make regular contributions to your Program account, you'll have it working for you.

Make Your Vote Count Twice

Board members of the Ohio Deferred Compensation Board are also Board members of the Ohio Public Employees Retirement System Board (OPERS). So, when you vote for the OPERS Board, your vote counts twice, which makes it all the more important to vote.

This year's elections for three seats on the OPERS and Ohio Deferred Compensation Boards of Trustees will be held in September. Active county and miscellaneous employees, as well as retirees, will have the opportunity to take part in these elections.

- Voting materials will be sent out on August 28 and must be received back by October 2. If only one candidate runs for a seat, no voting will be held for that election.
- The election count will take place on October 5 and be certified by the Ohio Secretary of State's office. Those elected will serve a four-year term beginning in January 2010.
- In 2010, additional elections will take place for active state, municipal, and nonteaching college and university employees, as well as a second retiree seat on the Board.

To learn more, please visit www.opers.org/news/election.

Test Your Knowledge...

Ohio Deferred Compensation Quiz



True or False?

1. Money that I inherit can be invested directly with Ohio Deferred Compensation.
2. If I am 70½ or older, I do not have to take my 2009 Required Minimum Distribution by December of this year.
3. Once I retire and no longer work, I can continue to contribute money to my Ohio Deferred Compensation account from my pension.

Answers:

1. **FALSE.** Ohio Deferred Compensation can only accept pre-tax dollars, HOWEVER, many participants choose to simply increase paycheck deferrals to the Program for a specific period of time while using inherited money to pay for some living expenses. Call an Account Executive today to discuss this in greater detail.
2. **TRUE.** Congress waived the 2009 RMD Requirement. For more information, feel free to contact the Service Center.
3. **FALSE.** Money can only be deferred into a 457(b) account through employment with a public employer in Ohio. In light of this, we encourage all participants to consider raising their deferral amounts when getting close to retirement to take advantage of the opportunity for deferring taxes on income. You may also be eligible to roll other retirement savings into the Program after you retire. If you retire and are rehired into public employment, or want to roll other savings into the Program, give us a call.

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.

August Meetings:

August 3, 2009 – Westlake – Westlake Porter Library

August 10, 2009 – Canton – Dehoff Memorial Library

September Meetings:

September 14, 2009 – Tallmadge – Tallmadge Branch Library

September 17, 2009 – Sylvania – Sylvania Public Library

October Meetings:

October 2, 2009 – Cincinnati – Pleasant Ridge Branch Library

October 7, 2009 – Dayton – Kettering Moraine Branch Library

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.

Program Champions

In the next several quarterly newsletters, 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.

Our first featured recognition goes to Rick Doddy of the Southwest Ohio Regional Transit Authority (SORTA). Mr. Doddy has become what some might call a “crusader” for retirement savings by devoting countless hours to assisting his fellow co-workers in becoming more prepared for retirement. Through cooperation with SORTA management, Ohio Deferred Compensation representatives are invited on-site to deliver participant education, account reviews, and investment updates. Mr. Doddy has been instrumental in introducing his co-workers to the concepts of retirement savings and financial responsibility by:

- Helping to announce on-site visits of Ohio Deferred Compensation Account Executives.
- Bringing other SORTA employees to the Ohio Deferred Compensation table to get them enrolled in the Program and make account updates.
- Sharing the importance of maintaining a long-term investment perspective with fellow employees.



Rick Doddy, SORTA Employee









Many SORTA employees now have the possibility of a more secure retirement because of his efforts. Ohio Deferred Compensation would like to thank Rick Doddy and the hundreds of individuals like him who take an active interest in promoting retirement savings.

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

Ohio Deferred Compensation

Investment Performance Report — As of June 30, 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	2nd Quarter	YTD	Average Annual Returns				Expense Ratio ⁽¹⁾	
				1 Year	3 Year	5 Year	10 Year		
Ohio DC Options									
 LifePathPortfolios									
110	LifePath 2010	n/a ⁽²⁾	10.43%	5.99%	-10.22%	-0.28%	2.75%	3.00%	0.45%
111	LifePath 2020	n/a ⁽²⁾	14.30%	6.57%	-17.10%	-3.44%	1.43%	1.40%	0.45%
112	LifePath 2030	n/a ⁽²⁾	17.16%	6.74%	-22.08%	-5.82%	0.40%	0.27%	0.45%
113	LifePath 2040	n/a ⁽²⁾	19.85%	7.02%	-25.97%	-7.81%	-0.52%	-0.82%	0.45%
 Stable Value									
101	Stable Value Option		(Annualized Return)	2 nd Quarter 2009	— 4.00%	3 rd Quarter 2009	— 4.30%		
		n/a ⁽²⁾	0.98%	1.99%	4.35%	4.78%	4.76%	5.36%	0.33%
Mutual Funds									
 International Stock Funds									
532	Templeton Foreign	TEMTX	28.36%	18.25%	-25.07%	-5.49%	2.68%	3.46%	1.14%
209	Vanguard International Growth ⁽³⁾⁽⁴⁾	VWILX	27.11%	14.11%	-29.63%	-5.63%	4.05%	2.26%	0.35%
310	Vanguard Total International Stock Index ⁽³⁾	VGTSX	27.26%	10.75%	-30.50%	-6.13%	3.95%	2.18%	0.34%
 Small-Cap Stock Funds									
402	FPA Capital ⁽³⁾	FPPTX	27.56%	19.64%	-25.88%	-6.79%	-0.14%	6.35%	0.88%
403	Hartford Small Company	HIASX	17.84%	5.23%	-30.35%	-8.50%	1.08%	1.94%	0.71%
210	Vanguard Small-Cap Index	VSCIX	24.21%	7.47%	-25.09%	-8.97%	-0.66%	3.17%	0.09%
 Mid-Cap Stock Funds									
208	Vanguard Capital Opportunity ⁽³⁾⁽⁴⁾	VHCAX	17.20%	17.50%	-22.78%	-3.53%	1.87%	7.86%	0.43%
 Large-Cap Stock Funds									
202	Dodge & Cox Stock	DODGX	23.10%	4.80%	-29.38%	-12.75%	-2.82%	3.15%	0.52%
306	Fidelity Contrafund	FCNTX	12.95%	5.68%	-27.70%	-5.15%	2.24%	2.27%	0.95%
307	Fidelity Growth Company	FDGRX	15.91%	12.93%	-29.39%	-4.51%	1.13%	0.99%	0.95%
291	Janus Twenty	JAVLX	19.94%	20.17%	-31.28%	1.82%	5.71%	-0.83%	0.86%
565	Vanguard Institutional Index	VINIX	16.01%	3.27%	-26.08%	-8.18%	-2.21%	-2.18%	0.05%
 Balanced Funds									
201	Dodge & Cox Balanced	DODBX	18.93%	6.62%	-20.13%	-7.63%	-1.03%	4.16%	0.53%
 Bond Funds									
207	PIMCO Total Return	PTRAX	4.66%	6.16%	9.00%	8.14%	6.09%	6.74%	0.77%
215	Vanguard Total Bond Market Index	VBPIX	1.79%	2.18%	6.28%	6.61%	5.10%	5.86%	0.08%

⁽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 195,000, with over \$6.6 billion in assets.

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

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

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

Automated Telephone System: 24 hours a day, 7 days a week

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Ohio Deferred Compensation Board

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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
4/1/99 - 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.