

PLAN UPDATE



MOVING FORWARD

Recent national tragedies and international events have raised concerns about overall future economic growth as reflected in the performance of the stock market, growing unemployment, and declining consumer confidence. These circumstances clearly impact short-term performance of many investments. However, here are some important things to remember:

- You may regret liquidating your investments for the short-term as a way to “safeguard” your money. Historically, if the market declines after a crisis it is impossible to predict when the market will begin rising again. You risk “selling low” when you transfer assets out of an investment option and later purchasing investments back at a higher price than what you may have sold them for.
- Stay focused on your **long-term** investment goals.
- Fortunately, the market usually rebounds after world events.

If you wish to maximize deferral for the remainder of 2002, you will need to select \$916 or a percentage, not to exceed 50 percent. Changes during any month are effective with the following month’s pay.

- Are you turning 50 this year, or are you already 50 or older? If you have already been maximizing your deferral, you may be eligible to defer up to an additional \$1,000 in 2002. Our 50-Plus provision is available now! You can learn more about this option by calling the Information Line at 800-365-8494 to request a “Catch-Up Packet.”

Event	Dates	S&P Low Point	Initial S&P 500 Response	1 Month from Low	12 Months From Event
Pearl Harbor	12/7/41	12/10/41	-6.5%	1.4%	3.7%
Korean War	6/25/50	7/13/50	-12.0%	9.0%	17.6%
Cuban Missile Crisis	8/24-10/28/62	10/23/62	-9.4%	15.6%	26.4%
US Invasion of Grenada	10/25/83	11/8/83	-2.8%	2.1%	-0.1%
US Bombing of Libya	4/15/86	4/21/86	2.9%	-3.8%	19.6%
US Invasion of Panama	12/89-1/90	12/19/89	-2.2%	-0.1%	-4.0%
Gulf War	1/91-2/91	1/9/91	-5.7%	15.4%	27.7%
Averages			-5.1%	5.7%	13.0%

Source: *Wall Street Journal*, RBC Dominion & Bloomberg

Financial experts suggest reviewing your investment portfolio at least annually to ensure your investment strategy is appropriate for your needs. Only you can decide what investment approach is best based on your risk tolerance, age, and personal circumstances.

TAX LAW REMINDERS

- Are you trying to maximize your tax and retirement savings in 2002? If you have identified your deferral amount previously by percentage, you may have experienced an automatic increase in your deferral effective with your January check. To continue this maximization and prepare for the automatic increases that are scheduled to occur for the next four years, select 50 percent as your deferral amount. Your actual monthly deferral will be capped at 1/12 th of the maximum annual amount, \$916.66 per month for 2002. If you identified your deferral by dollar amount, it will not automatically increase.

TAKE CONTROL OF YOUR ACCOUNT

Getting Account Information

Are you among the 3,400 OSGP participants who have activated their participant Internet account? Would you like to take advantage of this convenient access to account and plan information, account transactions, and planning tools? Log on to osgp.csplans.com and follow the directions to activate your account. Bookmark this address for quick access to account information and transactions. The transactions available on the Internet are the same as those at the Information Line at 800-365-8494.

Changing Contributions

You may increase or decrease your contribution by logging on to the participant website or calling the Information Line at 800-365-8494, 24-hours a day, 7 days a week. When prompted, select option 2 from the menu, then follow the instructions. Your change will be effective with next month’s earnings. For example, a request made in January will affect your February pay.

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CONTACT OSGP AT:

Information Line
800-365-8494

Online Internet Site
<http://osgp.csplans.com>

PERS/OSGP Internet Site
www.pers.state.or.us

If you need to speak to a representative during your call, simply press “*”. Representatives are available to answer questions and process transactions Monday through Friday, 7 am to 5 pm PT, with the exception of stock market holidays.

Direct Deposit

Tired of waiting for your distribution check to come in the mail? If you currently receive an installment distribution by mail, you may want to consider direct deposit. You don't have to wait in long lines at the bank and may worry less about delay or security of mail. Direct deposit is a fast and convenient way to have your distribution deposited into your account of choice. A confirmation notice will be mailed to your address on record informing you when the direct deposit was sent to your bank. Direct deposit is available for all types of distributions except lump-sum payments.

Forms are available online at osgp.csplans.com under “Plan Information.” To download a Direct Deposit Form, select “Plan Forms.” After you have filled out the necessary information, return it to the address listed on the form. Forms should be received for processing at least 30 days prior to expected deposit.

Editorial Contributions

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The foregoing newsletter is not intended to provide legal, tax or investment advice. For such advice, participants should contact their legal, tax or investment advisor.

ADVISORY CORNER

In the Summer 2001 edition of the Plan Update we introduced two members of your Deferred Compensation Advisory Committee. These volunteers advise the PERS Board on deferred compensation issues and provide valuable input into the educational program and plan communications. We would like to introduce two more members of the committee.

The vice-chairman, **Roman Martushev**, is employed as a project manager at the Department of Revenue. His job involves various information systems projects that affect all Oregon taxpayers. He considers retirement planning a passion and appreciates the opportunity to positively impact other public employees through his service on the Advisory Committee.

George Van Hoomissen is retired from the Oregon Supreme Court. Justice Van Hoomissen was educated at the University of Portland and received his law degree from Georgetown University Law Center. He served as District Attorney for Multnomah County and was a member of the Oregon Legislature. Justice Van Hoomissen continues his public service in retirement by serving as a board member of Oregon PERS Retirees, Inc.

Although the Advisory Committee has seven sitting members, the maximum allowed by law, a service opportunity for a plan participant will open in July as one of the current members completes his term of office. If you have a particular interest in issues affecting deferred compensation, would like to be a part of the continued evolution of the OSGP, and would like to help guide the future of its communication and educational programs, please send a letter of interest to the Salem PERS Center at 800 Summer Street NE, Suite 200, Salem, OR 97301.

You are cordially invited to attend our **February 13** open meeting in Salem. For more information call 503-378-3730.

INVESTMENT EDUCATION AND RETIREMENT PLANNING

OSGP provides educational workshops and retirement seminars throughout the state and throughout the year. They are designed to help prospective and current plan participants understand and maximize this valuable benefit of employment. With all the investment changes that occurred in the plan in 2001 and with the new tax law changes that affect every participant beginning January 1, 2002, there is no better time to consider attending one or more of these sessions.

Workshop I is most useful to employees not currently participating in the plan or new enrollees who have not attended a previous workshop with the plan. You will learn how you benefit in the short and long term from participating, how the investments in the plan are organized, and how to take best advantage of your participation in the plan.

Workshop II introduces participants to long-term retirement planning concepts. You will be able to calculate a long-term savings goal, better understand the investments available to you, and create a personal investment strategy.

Retirement Seminar is open to current participants who are five years or less from retirement. This seminar reviews the catch-up provisions for participants over 50 years of age or within four years of retirement, payment choices after severance of employment, IRS requirements, retirement forms, and relevant time frames.

To find a workshop in your area, visit our web site at www.pers.state.or.us. To register for any of these sessions, please call 888-320-7377 or 503-598-7377. These workshops are also available upon request at individual work sites for ten or more attendees. Managers may request a workshop at your site by calling 503-378-3730 ext. 232.