



Plan Update

Taking the Lead—Establishing Your Strategy

Taking an active part in planning for your future financial security allows you to tailor your strategy. There are two basic steps to develop an investment strategy: establish your investor profile and then choose your investment mix.

STEP #1—IDENTIFYING YOUR INVESTOR PROFILE

What type of investor you are depends largely on two things: your **time horizon** (the amount of time you expect to be investing before you'll need to access your money) and your **risk tolerance** (how you balance risk vs. reward by your ability, and willingness, to accept losses in exchange for the possibility of greater returns).

Identifying your investor profile is step one. The Oregon Savings Growth Plan (OSGP) has tools to help. Log on to the Web site at osgp.csplans.com and under the **Forms** tab you can access the “*What type of investor are you?*” worksheet on pages seven and eight of the Enrollment Guide. Or have a copy mailed to you by calling 800-365-8494. The worksheet’s scoring process leads you to your investor profile.

STEP #2—CHOOSING YOUR INVESTMENT MIX

Completing the worksheet not only gives you an idea of the type of investor you are but also provides model accounts with specific allocations to the various investment categories. Next, decide on your actual investments and the amount to invest in each. You can build your portfolio using any combination of the Plan’s nine investment options.

For more information on the investments in the Plan, attend a free OSGP Workshop, designed to give you a greater understanding of investing for retirement. A schedule is posted on the PERS Web site at <http://oregon.gov/PERS/OSGP>, and you can enroll online. You may also want to consult a financial advisor.

THINGS TO REMEMBER

A good investment strategy is flexible and should be reviewed periodically (at least annually) throughout your career to ensure that it is in line with your ideal investment mix. If not, you may need to rebalance your account. Also, if you experience a life-changing event, you should re-evaluate what type of investor you are and make adjustments to help achieve your personal objectives.

OSGP Investments and their Relative Risk Ranking



Relative risk ranking is historical and may not hold true for any particular point in time, past, present, or future.

Stay Balanced—Automatically!

Since all investments perform differently, the percentage you have invested in stock, bond, and cash investments can drift over time. This can change your risk level and affect your ability to reach your savings goals. Rebalancing adjusts your investment mix and keeps your investment portfolio at a consistent percentage of stock, bond, and cash investments.

Automatic Account Rebalancing is a new Plan feature that will be available on or about September 15, 2006. When it is available, simply log on to your Plan account, choose **Manage Investments > Rebalance Account**. Once you accept this option, your account will be rebalanced automatically every 90 days. This feature will be in effect until you either turn off this option or make changes to your account that are not consistent with your original mix.

You may take advantage of automatic account rebalancing at any time, even after you have made changes to your asset

(continued on reverse side)

allocation. It's a great way to make sure that your account reflects your current goals and risk tolerance.

Who Pays for Your Retirement Plan?

All retirement plans and investments have fees, but the way they are assessed can be complex. One of OSGP's responsibilities is to ensure fees are structured in a simple way and are fully disclosed to Plan participants. OSGP has two types of fees: administrative and investment provider contract/management fees.

ADMINISTRATIVE AND RECORDKEEPING FEES

Administration fees cover the Plan's operational aspects including recordkeeping, communications, counseling, customer service, and custodial services. Participants have always been charged general Plan administrative and recordkeeping fees. The Plan's annualized (yearly) fee amount is 0.22 percent of your account balance. For example,* if your month-end account balance is \$10,000, the monthly fee deduction is calculated as follows:

$$\begin{aligned} .0022 \div 12 &= .0001833 \\ .0001833 \times 10,000 &= \$1.83 \text{ in fees} \end{aligned}$$

INVESTMENT FEES

Each investment option charges an investment management fee, which covers costs incurred by the investment management companies to run the funds. This fee is deducted from the investment option's return. For example,* if you invest in a fund that has an investment management fee (also called an "expense ratio") of 0.50 percent and the fund returns 15 percent for the year, your actual return would be 14.5 percent, after deducting the management fee. All quarterly reported returns are net of fees.

ADVANTAGES OF SAVING WITH OSGP

You should know that OSGP has some of the lowest administrative fees associated with investing. You pay less for your investments and professional fund management

because the Plan is a large group plan with low fees and no commissions or commission-driven representatives. And, the Oregon Investment Council (OIC) oversees and constantly evaluates investments to make sure you are provided with the best possible options.

Remember to factor fees in when projecting future investment growth to meet your retirement savings goals. To find out more, please see the **Plan Highlights > Fees** section of the Plan Web site or call the Plan's Information Line at 800-365-8494.

*Examples are hypothetical and for demonstration purposes only and not indicative of any investment. Fees are subject to change. Your Plan may charge other individual or Plan fees that may be more or less than the examples provided. Certain circumstances may require an additional fee such as processing domestic relations orders.

Large Company Growth Stock Option Updates

As part of an ongoing effort to provide you with a broad range of investment options, the OIC added the Wells Fargo Advantage Endeavor Select Fund (WFCIX) to the Large Company Growth Stock Option. This replaces the Fidelity Blue Chip Growth Fund.

In addition, on April 7, 2006 the Smith Barney Aggressive Growth Fund A, another underlying fund, changed its name to Legg Mason Partners Aggressive Growth Fund. The change was in name only and the fund continues to be managed in the same manner.

These changes do not affect your Plan account and you do not need to take any action. The Large Company Growth Stock Option invests 20 percent of its assets in each of these underlying funds and maintains the overall objective of long-term growth of capital by investing in common stocks with above-average growth and profitability prospects.

For more information about the Plan or the investment options available, log on to the Plan Web site at osgp.csplans.com or call the Information Line at 800-365-8494. Please read all mutual fund literature carefully before investing.



QUARTERLY CALENDAR

The New York Stock Exchange is closed on Labor Day Monday, September 4, 2006. Transactions made on this day will be processed the following business day.

ADVISORY CORNER

The next advisory committee meeting will be held in Salem on August 9, 2006 at 9:30 a.m. A new committee member representing Local Government will be introduced at that meeting.

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This newsletter is not intended to provide legal, tax, or investment advice. For such advice, participants should contact legal, tax, or investment advisers.

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