



Plan Update

Your OSGP Account and Long-term Investing

While new trading restrictions have been put in place to balance the frequency and dollar amount of trades in and out of OSGP funds, it's important to understand how frequent short-term trading can affect your long-term prospects.

Many financial experts agree that, for the typical investor, the best strategy is to choose a diversified mix of high-quality investments, stay patient, ignore short-term market fluctuations, and let time and compound interest help your money grow. Warren Buffett, among the most successful investors in history, is perhaps the best-known proponent of this basic buy and hold strategy.

It may be tempting to sell a fund that just experienced a loss, or chase trends you've seen in the news about a hot market sector or asset class. But making decisions based on recent market developments is very risky. What the market did last month or last week may not be what the market does today. And, recalculating your portfolio value daily or hourly won't necessarily turn losses into gains. In fact, making hasty decisions based on what the market did yesterday or this morning, generally goes against one of the major principles of investing: "buy low and sell high."

Selling an investment that is not performing well on a particular day and then reinvesting when the fund recovers actually locks in your losses, then you end up paying more per share to reinvest. As an OSGP participant, you shouldn't let a stock market drop—or rally—influence your long-term investment goals. When you're saving for the long term, daily fluctuations become less significant. Other factors, like whether or not you're invested in the market on good days, are far more important in your eventual wealth.

As an OSGP participant, you're working to build savings for your retirement years. So, you should always keep that time horizon in mind, and avoid investment decisions based on short-term performance. Because fund returns can rise and fall very quickly for many different reasons, performance figures for short periods (like a quarter or even a year) may not reflect an investment's long-term performance potential.

Please read the separate insert that outlines the new trading restrictions in OSGP.

Advisory Corner

Oregon state law provides for a deferred compensation advisory committee. The committee gives information and advice to the Public Employees Retirement System Board and has seven members selected by the Board to reflect a cross section of participant groups. The key role of the advisory committee can best be described as participant representation. It provides a forum for feedback and an opportunity for interaction. This committee typically meets four times a year.

There are two vacancies on this seven-member body. These positions are open to any OSGP participant employed by a state agency. We invite state employee participants interested in filling these vacancies to send a letter of interest along with a brief resume to Gay Lynn Bath at 800 Summer St. NE, Suite 200, Salem, OR 97301, or you can send them via e-mail at gaylynn.bath@state.or.us. Applications will be accepted until May 15, 2007. We look forward to hearing from you.

OSGP would like to thank Roman Martushev and Barry Kast for their exemplary service on the advisory committee for the last six years.

The next meeting is May 9, 2007 at the PERS Headquarters in Tigard at 9:30 a.m.

(continued on reverse side)

New Online Calculators

How would a small contribution increase improve your savings forecast? How badly would a withdrawal set back your savings program? How long will your projected account balance last in retirement? With the Plan's new online calculators, you can easily find the answers to these kinds of questions – with actual numbers that take a lot of the guesswork out of your decisions.

For example, the new **Plan Savings Calculator** can help you project your potential savings, and see how today's decisions can affect your long-term picture. This tool is divided into several sections, including Personal & Contribution Information, Paycheck Information, and Impact of Taking a Withdrawal. It will help you understand your potential savings growth over time, how different contributions can affect your take-home pay, and much more.

In addition, the **Retirement Income Calculator** can show how long your savings could last in retirement. You can adjust the time frame to see different monthly payment scenarios.

These calculators are great decision-making tools that can help you think through your retirement savings goals and strategy. Log on now to access these new interactive resources to help you project your account savings, understand the effect that saving with OSGP can have on your pay, and determine your account pay-out at retirement. To access the new calculators, visit osgp.csplans.com and click on the “Tools” section.

Did You Know?

- You can roll over other eligible retirement plan balances you may have had with another employer to your OSGP account. This way, you can take advantage of the high-quality investment options and low administrative and management fees OSGP provides to build your retirement savings. To roll over your balances, visit osgp.csplans.com or call 800-365-8494.
- You can get detailed information on any of the Plan's investment options by logging on to the Investment Information section of the Plan Web site. You'll find pricing, performance, fund fact sheets, and everything else you need to make informed investment choices.

What's the Point of a Basis Point?

One of the most important factors in choosing investments for your portfolio is the investment's expense ratio. An investment fund's expense ratio is its total annual operating expense (including management fees, distribution fees, and other expenses) expressed as a percentage of average net assets. Expense ratios may also be referred to as “basis points.” One basis point is a unit equal to one hundredth of 1 percent (0.01 percent); so an investment with an expense ratio of 0.10 percent can also be said to have a fee of 10 basis points.

You can find the expense ratios for all your investment options in the Plan Highlights section on the Plan Web site at osgp.csplans.com. Total returns for the investment options as well as the expense ratios can be found under Investment Information.

Quarterly Calendar

The New York Stock Exchange is closed in observance of:

**Memorial Day on Monday, May 28, 2007 and
Independence Day, Wednesday, July 4, 2007**

Transactions made on these days will be processed the following business day.



EDITORIAL CONTRIBUTIONS

Gay Lynn Bath, OSGP

Paul Cleary, PERS

David Crosley, PERS

Laurie Kessinger, CitiStreet