

# PLAN UPDATE



## Happy New Year!

### ANNUAL MAXIMUM DEFERRAL INCREASE

Effective January 1, 2001, the annual maximum deferrals allowed under Internal Revenue Code §457 has increased from \$8,000 to \$8,500. Participants in the Oregon Savings Growth Plan can now contribute up to \$708 per month to their accounts, provided this amount does not exceed 25% of gross monthly income.

Begin the New Year with a commitment to take full advantage of the new deferral increase and pay yourself first: simply put aside a set percentage of your salary before you pay your bills. And now is the time to increase your monthly contribution along with any increase in compensation. Put your hard earned money to work for you long-term as part of your retirement savings strategy. Simply call the toll-free Information Line at 1-800-365-8494 or visit the OSGP home page at <http://osgp.ssga.com>.

### FEE REDUCTION

As you know, PERS has been able to reduce administrative expenses each year since the Oregon Savings Growth Plan began, leading to enhanced returns for participants.

We are pleased to inform you that this positive trend continues. We successfully negotiated with our record-keeper, CitiStreet, for a reduction in its recordkeeping fees. Because of increased program assets and administrative efficiency, our PERS administrative fees have also been lowered. The combined reduction became effective November 1, 2000. These reductions will enhance the returns on your investments by reducing total administrative costs per participant from 43 basis points (0.43 percent) to 26.5 basis points (0.265 percent).

To determine how this reduction may affect your personal savings multiply your Total Account Value by .00165 (0.43 - 0.265). For example, \$48,000 x .00165 = \$79.20 in annual savings. This means more money working for you!

## OREGON SAVINGS GROWTH PLAN

### Meeting Your Investment Needs

Depending on your age, or where you are in your lifecycle, retirement planning may be an integral part of your long-range plan, or on the back burner. Financial independence is obtained when you focus, analyze, plan, and implement a savings strategy that is both flexible and realistic.

Let the OSGP help you reach your retirement goals. The OSGP offers nine low-cost investment options ranging from conservative to aggressive investment risk. This approach provides diversification within each investment option and across many asset classes to match your individual investment style. As a participant, you may invest in any or all options and may easily change allocations in keeping with your personal financial objectives.

Investment Option	Investment Risk
Short-Term Fixed Option	Conservative
Stable Value Option	Conservative
Intermediate-Term Fixed Option	Conservative/Moderate
Balanced Fund Option	Conservative/Moderate
Value Stock Option	Moderate
Stock Index Fund	Moderate/Aggressive
Growth Stock Option	Aggressive
International Stock Option	Very Aggressive
Aggressive Growth Option	Very Aggressive

Visit <http://www.pers.state.or.us> and locate in the table of contents "Information about the Oregon Savings Growth Plan" to review the most recent investment option performance results. More detailed information about the investment options is available at this web site or may be requested from the toll-free Information Line at **1-800-365-8494**.

### Workshop Schedules

The OSGP schedules workshops throughout the year in all major regions of the state. The workshops are designed to help prospective and current Plan participants understand and make the most of their Plan benefits. To find a workshop in your area, visit our web site <http://www.pers.state.or.us> and click on "OSGP Presentations". To register to attend a workshop, please call the PERS Customer Service Center at 1-888-320-7377.



### CONTACT OSGP AT:

Information Line  
1-800-365-8494

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

PERS/OSGP Internet Site  
<http://www.pers.state.or.us>

## PERSONAL INVESTMENT PERFORMANCE (PIP)

PIP is a new statement feature that measures YOUR entire account's investment performance for the statement period. It is calculated based on the performance of your investments taking into account any of your activity during the period (contributions, distributions, fund option transfers, gain/loss, etc.). The method used for your PIP calculation is a commonly accepted calculation used by financial service companies. How does PIP help you? Because your personal investment choices are unique, your PIP will differ from the performance of your individual fund choices. PIP gives you an indication of your overall rate of return for the statement period. PIP could be one of the indicators you use in conjunction with your legal, tax, or investment advisor to help assure that you reach your retirement goals by maintaining a positive rate of return after taxes and inflation. The following chart is an example of a hypothetical account.

<b>————— Your Total Account Value</b>	
Opening Value on October 01, 2000	\$ 74,190.58
+ Employee Contributions	\$ 1,360.50
+ Other Credits/Payments	\$ 0.00
+ Investment Gain (Loss)	\$ 1,231.91
- Distributions/Debits	\$ 25.06
<b>Closing Value on December 31, 2000</b>	<b>\$76,757.93</b>
Your total change in value during this period	\$ 2,567.35
Your Personal Investment Performance	1.6%

PIP is computed using your average weighted account balance for the statement period.

## OSGP ONLINE INTERNET SITE

As this newsletter went to press over 600 participants have activated their account online!

To activate your Internet account you must call the **Information Line (1-800-365-8494)**, press 4 within the main menu and follow the instructions. By activating or not activating your account, you can control whether your account information is accessible via the Internet. After the initial setup, you may log on to <http://osgp.ssga.com>, day or night, using your Social Security number and your Personal Identification Number (PIN).

## ADVISORY CORNER

The Advisory Committee is pleased to announce that **Jon Springer**, Interim Manager in the PERS Salem Center, has been named the **permanent** Manager for both the PERS Salem Center and the Oregon Savings Growth Plan.

### Editorial Contributions

Deatrice Johnson, CitiStreet  
Jon Springer, OSGP

David Amick, PERS  
Marsha Bacon, PERS

*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.*

Additionally, we'd like to thank **Scott Proctor**, retiring Chairperson, for his dedicated service over the past six years. He was first appointed to the Committee in 1994 and elected Chairperson in 1997.

*Mark your calendar to attend our first open meeting of the new year on February 14, 2001, at 9:30 a.m., in Salem. For additional information contact 503-378-3730.*

## RETIREMENT SAVINGS

### Staying Focused in a Volatile Market

Trying to time the stock market can be a painful experience. Panic is contagious in a bear market (a decline of 20% or more in a major stock index), and you may be tempted to jump ship. Once you've jumped overboard, when do you reach for the life preserver? If you don't know, you're not alone. Many people don't know and tend to overreact prematurely by jumping out of an investment during a bear market only to miss out on the bull market (a consistently upward trend over several years) which historically follows.

Systematic payroll deductions each and every pay period allow you to invest without having to time stock market highs and lows. For example, as you invest systematically, when the net asset value is high fewer shares are purchased, and if the net asset value is low more shares are purchased. In essence, the overall cost of your account is the average cost of the total shares purchased. A stock market correction, a sharp reaction or fall in the price of a security or market index after a sustained price increase, means bargain shopping on investments that may have been previously overvalued.

Financial planners agree that a good investment strategy is to spread funds among different classes of securities in order to distribute investment risk. It favors the maxim; "Don't put all your eggs in one basket." Retirement savings should be viewed as a long-term endeavor covering 20 to 30 pre-retirement years, and 10 to 20 post retirement years. In the midst of a market correction, stay focused on long-term goals. If you don't need the cash for distributions, you can afford to ride out a rough storm. However, if you're retired one of your objectives should be asset preservation. Remember, during retirement a key goal is to maintain a positive rate of return after taxes and inflation.

## INVESTMENT CHANGES

The Oregon Investment Council which monitors the underlying investments within each of the nine options has made minor adjustments effective January 1, 2000. Details will be available in the Spring Plan Update or can be reviewed now at the web site located at [www.pers.state.or.us](http://www.pers.state.or.us) under "OSGP Investment Option Changes". Additionally, Customer Service Representatives are available 7 a.m. to 5 p.m. Pacific Time weekdays at **1-800-365-8494** to help you understand these modifications.