

# PLAN UPDATE



## WHO MOVED MY RETIREMENT?

Dr. Spenser Johnson's popular book *Who Moved My Cheese?* helps show people how to succeed in changing times. A timely twist on this topic might be, "Who Moved My Retirement?" With all the changes in PERS and the larger financial arena, you may be wondering if you will be able to enjoy the quality retirement you have been expecting.

Just as Johnson points out, it is ultimately up to you to determine whether or not you will succeed in the face of change. Begin by asking yourself who is responsible for your financial well-being. Is it your employer? Your financial advisor? Your bank? While each of these may play a part, you are ultimately responsible for your financial well-being. There are many other resources to help you prepare for financial security, including financial planners, advisors, printed materials, workshops, and computer applications. This responsibility may be daunting for some, but by taking defined and careful steps, you can become a more confident manager of your finances.

The first step to controlling your financial destiny is to educate yourself. If retirement is important to you, start by building a solid foundation. Next, develop goals—a financial road map of where you are today to where you would like to be tomorrow.

OSGP can help you take these first two critical steps. Our Financial Resource Center at [www.osgp.csplans.com](http://www.osgp.csplans.com) offers practical information to help you improve your financial IQ. The center provides information on retirement planning; basic and advanced investments; and overall finance planning. Visitors to the Financial Resource Center can choose among print, audio, and video formats.

Educational workshops and retirement seminars are held throughout Oregon and throughout the year for prospective and current participants.

In **Workshop I** you will learn fundamental investment concepts including those associated with tax-deferred savings plans. This is an excellent workshop if you are just getting started or need a refresher course.

**Workshop II** helps you create the financial roadmap discussed earlier. It will introduce you to long-term retirement planning and more advanced investment concepts, including asset allocation and dollar-cost averaging. You will learn how to calculate a long-term savings goal, better understand the investments available to you, and create a personal investment strategy.

The **Retirement Seminar** is open to current participants who are severing employment or those who are working and approaching age 50. This seminar reviews distribution options; advantages and disadvantages of rollovers; catch-up provisions for participants over 50 years of age or within four years of retirement; IRS requirements; retirement forms; and relevant time frames.

To register for these free workshops, visit our Web site at [www.pers.state.or.us](http://www.pers.state.or.us). Upon request, we can come to your worksite to provide any of the workshops. Call 503-378-3730 ext. 232 for arrangements.

## OSGP BALANCED FUND OPTION

In today's challenging economic and financial environment, it's important to make well-educated decisions about your retirement savings. The OSGP investment options are structured to make it easy for you to manage a retirement portfolio that meets your specific needs.

Each investment option is a blend of several professionally managed mutual funds. They include both active and indexed funds and span the range from conservative to aggressive risk levels. With this investment array, you have broad diversification across many asset classes and within each option.

In this issue of *Plan Update*, we continue our spotlight series on the OSGP investments and take a closer look at the Balanced Fund Option.

### *What Is a Balanced Fund?*

A balanced fund maintains specific percentages in types of investments by using a mix of stocks and fixed-income investments. The fund is "balanced" to specific weightings of the various asset classes in its portfolio to keep the potential for risk and reward in equilibrium. It strikes this balance with a threefold objective of conserving principal, providing income, and achieving long-term growth of both principal and income.

The built-in diversification, effectively spreading out the investment risk by investing in numerous types of securities across financial markets, is designed to provide greater stability of principal and greater consistency of returns.

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### The OSGP Balanced Fund Option

Seeking to achieve capital appreciation and income, the OSGP Balanced Fund Option provides the blended performance of all the investment options in the Plan, except the Stable Value Option, in the following percentages:

	Option
5%	Short-Term Fixed
35%	Intermediate-Term Fixed Income
10%	Large Company Value Stock
20%	Stock Index
10%	Large Company Growth Stock
10%	International Stock
10%	Small/Mid-Size Company Stock

The percentage of each option within the Balanced Fund Option is fixed and will be rebalanced to its target every month. The allocations equate to a portfolio of 60 percent equities and 40 percent fixed income.

With its diversified-portfolio approach, the fund provides exposure to 20 distinctly different mutual funds and commingled investment trusts, plus a money market fund. Each of these underlying funds is invested in many different securities. The result is an option with a widely diversified portfolio that seeks a “balance” between high returns and managed risk.

### Risk Measurement and Management

When you make decisions about your retirement portfolio, it is important to consider two types of risk:

- **Retirement shortfall risk** represents the possibility that an investment will not provide adequate income at retirement. The less aggressive an investment, the less likely it will outpace inflation and provide enough income for retirement. The OSGP Balanced Fund Option has a low-to-moderate retirement shortfall risk level because of its long-term concentration in stocks, which historically have significantly outperformed bonds and cash over long periods of 10 years or more.
- **Market risk** represents the possibility that an investment will fluctuate in value. The more aggressive an investment, the greater its potential return, but the more it may rise and fall in value, especially over the short term. Market risk for the OSGP Balanced Fund Option is expected to be lower than any of the other Plan stock options due to its broad diversification across many asset classes and hundreds of individual securities. The stock portion of the Balanced Fund Option is subject to the same risks as the underlying stock options, and the fixed income portion is subject to the same risks as the underlying fixed income options.

Historically, a diversified portfolio of stocks, bonds, and cash has produced better returns than a portfolio invested exclusively in bonds or cash and has lower market risk than a portfolio invested exclusively in stocks.

### Is the Balanced Fund Option Right for You?

This option may be right for you if you are looking for a professionally managed fund that offers diversification in the stock and bond markets and seeks to achieve both capital growth and increasing income.

## ACCOUNT STATEMENTS NOW AVAILABLE ONLINE

To best manage your retirement investments, you need current, accurate information, and you need it at your convenience. As part of our continuing Web site enhancements, you can now access your account statement electronically at <http://osgp.csplans.com>.

### Easy Navigation

There’s no need to wait for quarterly statements to arrive in the mail when you can visit the OSGP Web site and click on “My Statement.” You will see your account statement in a format already familiar to you.

### Viewing Flexibility

The new online capabilities give you the flexibility to view account information in the way that is most useful to you. For example, you can:

- enter a specific date range and generate a statement for that time period;
- customize the sections of your statement to view in your preferred order; and
- print a copy of your statement for your personal records.

## RETIRED AND LOOKING TO HELP?

In the last *Plan Update* we announced a vacancy on the Deferred Compensation Advisory Committee, your voice in the Plan. By the time you receive this newsletter, the PERS Board will have acted to fill that vacancy. The completion of Committee Member George Van Hoomissen’s term provides another opportunity for an interested retired participant to provide guidance and input as a participant representative. If you are committed to the Plan’s ideals and would like to help advance its objectives with minimal time commitment, submit a letter of interest and resume to OSGP, 800 Summer St., NE, Suite 200, Salem OR 97301. Your submission must be received by August 29, 2003, to be considered.

### 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 legal, tax, or investment advisers.*