

OHIO DEFERRED COMPENSATION 457 FOCUS



1-877-644-6457

www.Ohio457.org

Fourth Quarter 2011

Rate of Return vs. Long-Term Goals

During the past two years, this column has focused on the importance of saving for retirement and the consequences of not doing so. That focus was by design.

If you ask people who are not yet retired how their retirement account is doing, they'll most likely discuss their recent quarterly investment returns or the impact of the current financial markets on their account balance. I doubt that you will hear someone say they are behind, on track, or ahead of their "retirement savings goal" or their "retirement income goal."

How would you respond? Are you more likely to know your recent "**quarterly rate of return**" or whether you are "**on track to meet your retirement goals**?"

Ohio DC has tools and staff to help you with **your long-term retirement goals**. As a starting point, look for your Annual Statement in the mail in February. If you are not already retired, turn to page 3 in the Annual Statement and see the estimate of how much you are on track to save by retirement and how much monthly income that might provide for you during your retirement.

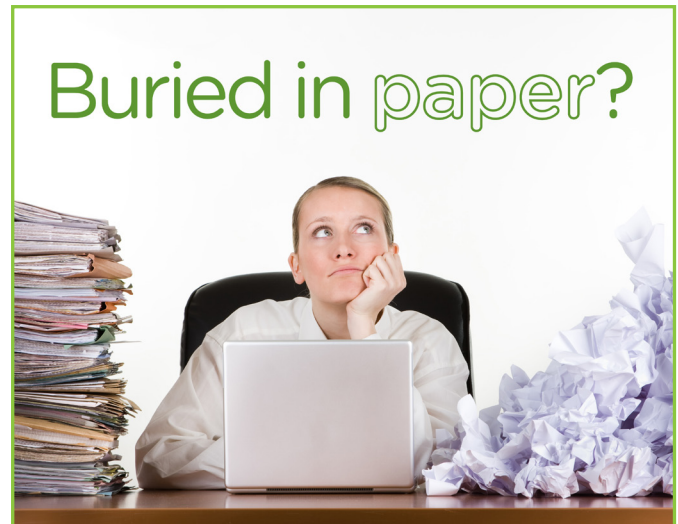
Throughout the next year, look for other communications from the Program to assist you in successfully saving **long-term** for retirement.

Keith Overly
Executive Director

Simplify Go Paper/less! with eDelivery

Are you buried in paper? Or looking for a more convenient way to access your Quarterly Statements?

By signing up for eDelivery, you can see your Quarterly Statements and *Focus* newsletters online any time. There's no waiting for mail to be delivered, no opening envelopes, and you won't have to fumble with filing and organizing all your papers.



It's free, simple, and will make your life that much easier. By opting-into eDelivery, your Quarterly Statements will be available online and only a click away. In minutes, you will be set up to receive emails notifying you when your statement is ready. And you will have access to past as well as current statements.

Due to the positive response from participants who've already gone paper/less, we will continue to look for other opportunities to expand our eDelivery services.

Are you looking for more than just simplicity? There are other benefits to eDelivery:

- Paper/less means no extra storage space needed for paper statements
- An easy way to manage your account information
- A little something extra you can do for the environment


Go paper/less with eDelivery. Log in to your account at www.Ohio457.org and select eDelivery today!

Updated, Easy-to-Read Annual Statements

Coming in February


We're putting the finishing touches on your updated Annual Statement that will be mailed in February. Your Statement gives you basic investment information and an update on your progress toward meeting your retirement income goal. Here's what you'll find in your **updated, simplified**, Annual Statement:

Your Account at a Glance displays "Annual" and "Since Inception" totals, which show your transaction totals including deferrals, withdrawals, and gains/losses for the year and since you enrolled. Your "Past Performance" shows your account performance over the past 1, 3, 5, and 10 years, if applicable.



OHIO DEFERRED
COMPENSATION
OHIO PUBLIC EMPLOYER DEFERRED COMPENSATION PROGRAM

2011 Annual Statement



eDelivery
Go Paperless at
www.Ohio457.org

KATYDID SAVEALOT
12345 ANY STREET LN
COLUMBUS, OH 43215

1-877-444-6457 • www.Ohio457.org

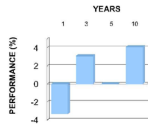
Personalized Annual Statement Prepared For: KATYDID SAVEALOT

Account: OHIO 457

YOUR ACCOUNT AT A GLANCE	ACCOUNT SUMMARY FOR 2011	SINCE INCEPTION (1/03/1989)
Beginning Balance	\$ 102,904.34	\$ 0.00
Deferrals/Transfers In	+ 3,250.00	+ 72,045.00
Withdrawals/Transfers Out	- 0.00	- 0.00
Gain/Loss	- 3,519.67	+ 30,599.38
Value as of 12/31/2011	\$ 102,635.67	\$ 102,635.67

Your Past Performance

Your past performance is a calculation of the investment returns of your account. The performance is shown as annualized returns.



1 YEAR	-3.30%
3 YEAR	3.15%
5 YEAR	N/A
10 YEAR	4.15%

Stay Connected

According to our records, your email address is:

katydid@gmail.com

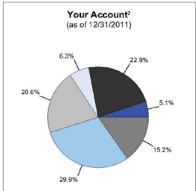
If this is not correct, or if the line above is blank, please provide us with your email address to make sure you get the latest Program information. To update your email address, log in to your account on our website and choose "Online Profile" or call 1-877-644-6457. Also, under "Online Profile," you can select your "eDelivery Preferences."

257 East Town Street, Suite 400, Columbus, Ohio 43215-8823

Your Allocation Comparison

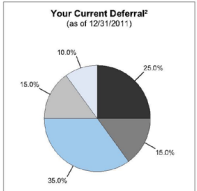
Diversification helps you reduce your overall market risk by spreading your investments over a wide range of asset classes. You might offset losses from poorly performing assets with gains in areas that are performing better. Diversification does not guarantee a profit and does not protect against loss in a declining market.

Your Account*
(as of 12/31/2011)



The chart above shows the percentage of your year-end account value that is invested in each asset class. Below are five sample charts showing suggested allocations for various types of investors. See how you compare.

Your Current Deferral*
(as of 12/31/2011)



The chart above shows the percentage of your payroll deferral as of December 31, 2011 that was contributed to each asset class. Are your new deferrals properly diversified? Call us at 1-877-644-6457.

Asset Classes*

INTERNATIONAL STOCK FUNDS	SMALL-CAP STOCK FUNDS	MID-CAP STOCK FUNDS	LARGE-CAP STOCK FUNDS	BOND FUNDS	STABLE VALUE

Sample Allocations*

AGGRESSIVE	MODERATELY AGGRESSIVE	MODERATE	MODERATELY CONSERVATIVE	CONSERVATIVE

To learn more about using an allocation strategy, go to www.Ohio457.org to try out our "Tibbotson Asset Allocation Tool" or log in to your account to make updates.


Your Allocation Comparison contains a pie chart of your year-end asset allocation for your account and a pie chart that shows your asset allocation for your current deferral. Use the Sample Allocations pie charts, along with our existing "Tools & Calculators" at www.Ohio457.org to help identify what asset allocation might be appropriate for you.

Your Potential Values and Benefits may include how potential account growth, signing up for the SMarT Plan, and/or your withdrawal choice can impact your monthly retirement income. Charts and projections for *you* will depend on your specific account status.

Your Beneficiaries lists your current beneficiary designations that we have on file. If you wish to make changes, or have no beneficiary information on file, please contact the Service Center or go online to print a Beneficiary form.

Look for your Annual Statement in your mailbox in February. Review it and consider whether there are actions you should take, such as increasing your deferrals, rebalancing your account, or updating your beneficiaries.

Your Potential Values and Benefits

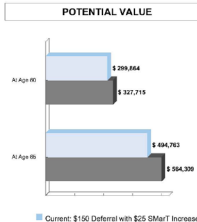


Ideally, you should build your retirement savings based on the amount of money that you would like to receive from your Ohio DC account during your retirement years. The following table and graph will provide you with projected savings at retirement, and the projected monthly income that your savings could produce. Automatically increasing your deferrals every year by staying in the SMarT Plan can help you reach your goal.

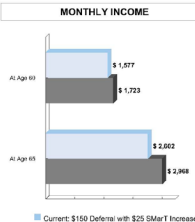
Based on your 12/31/2011 Value of \$102,635.67	POTENTIAL VALUE		MONTHLY INCOME	
	At Age 60	At Age 65	At Age 60	At Age 65
Current: \$150 Deferral with \$25 SMarT Increase	\$ 259,864	\$ 494,763	\$ 1,577	\$ 2,002
Optional: \$150 Deferral with \$40 SMarT Increase	\$ 327,715	\$ 564,309	\$ 1,723	\$ 2,268

The table and graph on this page show potential values and monthly incomes for two different retirement ages. The potential values are based on your December 31, 2011 account value, your current age, continued deferrals at differing amounts, and 7% annual account earnings. The potential value amounts assume that no withdrawals are taken prior to each retirement age. The income estimates are based on 4% annual account earnings after each retirement age and equal monthly withdrawals over a 25-year period.

POTENTIAL VALUE



MONTHLY INCOME



To change your SMarT deferral amount or further customize your projections, visit our website or call our Service Center.

These are hypothetical compounding examples and are not intended to predict the investment results of any specific investment. Investment return is not guaranteed and will vary depending on your investments and market experience. These examples assume that the annual account earnings are net of all fees and expenses. Federal and State income taxes will be due on withdrawals, which will reduce the estimated monthly income amounts. Withdrawals might need to be more than the amount shown to meet the requirements of the Required Minimum Distribution rules.

Unforeseeable Emergency Withdrawals

Ohio DC permits distributions to participants faced with an unforeseeable emergency—generally defined by the IRS as:

1. A severe financial hardship on the participant caused by an illness or accident involving them, their spouse, or a dependent.
2. Loss of a participant's property arising from an event due to a casualty, or other similar **extraordinary and unforeseeable** circumstances arising as a result of events beyond the control of the participant, that cannot be relieved by reimbursement or compensation by:
 - Insurance;
 - Liquidation of the participant's assets (to the extent the liquidation would not itself cause severe financial hardship); or
 - Cessation of deferrals under the Plan.

An unforeseeable emergency does not include, money for college tuition, purchase of a home, living expenses, or overextension of credit, such as credit card debt, loans, etc.



Who Can Apply?

Any actively employed participant may apply for a withdrawal, based on an unforeseeable emergency. Because retired or terminated participants, beneficiaries, and alternate payees can start, stop, or change their withdrawals at any time, they don't need to apply for withdrawals through this process.

More Information

Need to learn more or apply for an unforeseeable emergency? Call our Service Center to discuss your situation and request an application or download an Unforeseeable Emergency Withdrawal Application from the website. Just search “unforeseeable emergency.”

The application form contains complete information on how to apply. However, consider that any assets you have in Ohio Deferred Compensation are tax-deferred to encourage long-term saving for retirement, and therefore, the IRS limits circumstances in which you can withdraw your assets early. All withdrawals are subject to taxation.

Retirement Planning Specialists (RPS)

Would you like to **take more control** of your retirement? If you need help, now's the perfect time. We recently added another Retirement Planning Specialist (RPS) to your Service Center.

Each RPS is a Chartered Financial Consultant (ChFC) who can help Program participants with planning for retirement at no charge—at the Service Center in Columbus or over the phone.

Among the topics covered during an appointment:

- Your retirement goals
- Strategies to help minimize taxes
- Coordinating income from various sources
- General information about tax deferrals
- Payment scenarios
- Deferred compensation investment allocation strategies during retirement

To schedule an appointment, please call 1-877-644-6457, press 3, and an Account Executive will assist you with making your appointment.

Information presented by the Account Executives and Retirement Planning Specialists is for educational purposes only and is not intended as investment and tax advice.

Do You Know Your Limits? 2012 Deferral Limits

To better prepare for retirement and as part of an overall saving strategy, some participants defer the maximum amount allowable into their Ohio DC account.

If you're not deferring the maximum and would like to, log in to your account at www.Ohio457.org or call the Service Center at 1-877-644-6457.



Effective January 1, 2012, the annual deferral limits have increased. So, now you can defer more into your Ohio DC account than you could in previous years.

The IRS sets limits on the amount of wages that you can defer annually. These limits are tied to inflation statistics, which are recalculated each year.

Annual Deferral Limits

	<u>2011</u>	<u>2012</u>
Regular Deferral Limit	\$16,500	\$17,000
Age 50-Plus Limit	\$22,000	\$22,500
Catch-up Deferral Limit	\$33,000	\$34,000

Falling Short for Your Future Needs? You Need a **PLAN**

1. PREPARE First, see where you are and what you still need to do to: **prepare** for your retirement. Go to www.Ohio457.org and click "Interactive Retirement Planner" in the "Resource Center." This tool will get you started.

2. LEARN To **learn** more, visit www.PlanandRetire.org, where you'll find many calculators and links to financial sites to help you with retirement planning. Knowledge can lead to confidence. Your **Annual Statement, which will arrive in February, has a new look with better charts.** Look at the projections to see what your account might be worth by retirement and how much that might provide in retirement income.

3. ACT Once you have the resources you need, **act**. After you've signed up for your Ohio DC automatic per pay deferrals, then make simple, annual increases through the SMarT automatic deferral increase plan—that's really smart! Increase your deferrals annually by the amount and in the month *you* choose. You can stop or change your deferrals whenever you want.

4. NOW Don't waste time—time is money, and waiting will cost you a lot. If you haven't enrolled in Ohio DC, find out how much it will cost you with the "Cost of Waiting" calculator at www.Ohio457.org. Time and compounding can be your best friend, so while you're at the website, go to "Help Me Plan," and then "Investment Concepts" to see how time and compounding can work for you. Then, act **now** for your retirement future.



Ohio Deferred Compensation

Investment Performance Report — As of December 31, 2011

The results shown represent past performance and should not be considered a representation of future performance or experience. Past performance cannot guarantee future results. Current investment results may be lower or higher than quoted in this report. The principal value and investment return of an investment will fluctuate so that an investor's units/shares, when redeemed, may be worth more or less than their original cost. Performance data current to the most recent month-end may be obtained by visiting www.Ohio457.org. Although data is gathered from investment providers, the Program cannot guarantee completeness and accuracy. Please see other important disclosures at the end of this report. **Consider the investment objectives, risks, charges, and expenses carefully before investing by consulting your prospectuses, which contain this and other information. Prospectuses are available by calling 1-877-644-6457 or visiting www.Ohio457.org. Read the prospectus carefully before investing.**

VRU Fund #	Ticker Symbol	4th Quarter	Average Annual Returns				Expense Ratio ⁽¹⁾		
			1 Year	3 Year	5 Year	10 Year			
Ohio DC Options									
LifePath Portfolios Inception Date									
120	LifePath Retirement ⁽²⁾	8/1/2005	n/a ⁽³⁾	4.13%	3.59%	10.12%	4.21%	5.05% ⁽⁴⁾	0.24%
121	LifePath 2015 ⁽²⁾	7/5/2006	n/a ⁽³⁾	4.79%	2.36%	11.11%	2.90%	4.40% ⁽⁴⁾	0.24%
122	LifePath 2020 ⁽²⁾	8/1/2005	n/a ⁽³⁾	5.49%	0.97%	11.68%	2.15%	4.22% ⁽⁴⁾	0.24%
123	LifePath 2025 ⁽²⁾	7/5/2006	n/a ⁽³⁾	6.32%	0.01%	12.26%	1.53%	3.38% ⁽⁴⁾	0.24%
124	LifePath 2030 ⁽²⁾	8/1/2005	n/a ⁽³⁾	6.74%	-1.09%	12.67%	0.93%	3.63% ⁽⁴⁾	0.24%
125	LifePath 2035 ⁽²⁾	7/5/2006	n/a ⁽³⁾	7.29%	-1.91%	13.09%	0.37%	2.49% ⁽⁴⁾	0.24%
126	LifePath 2040 ⁽²⁾	8/1/2005	n/a ⁽³⁾	7.84%	-2.66%	13.45%	-0.15%	3.04% ⁽⁴⁾	0.24%
127	LifePath 2045 ⁽²⁾	7/5/2006	n/a ⁽³⁾	8.06%	-3.54%	13.65%	-0.66%	1.65% ⁽⁴⁾	0.24%
128	LifePath 2050 ⁽²⁾	9/30/2007	n/a ⁽³⁾	8.50%	-4.17%	14.13%	-2.94% ⁽⁴⁾	-2.94% ⁽⁴⁾	0.24%
Stable Value									
			(Annualized Return)	4 th Quarter 2011 — 3.00%		1 st Quarter 2012 — 2.80%			
101	Stable Value Option		n/a ⁽³⁾	0.75%	3.14%	3.59%	4.13%	4.62%	0.38%

Mutual Funds

International Stock Funds									
532	Templeton Foreign	TFFAX	3.27%	-12.58%	12.64%	-1.92%	5.55%	0.94%	
209	Vanguard International Growth ⁽⁵⁾	VWILX	5.99%	-13.58%	12.40%	-1.86%	5.75%	0.35%	
310	Vanguard Total International Stock <u>Index</u> ⁽⁵⁾⁽⁶⁾	VTSNX	4.19%	-14.51%	9.09%	-3.46%	5.86%	0.15%	
Small-Cap Stock Funds									
402	FPA Capital ⁽⁵⁾	FPPTX	13.42%	0.90%	24.45%	4.60%	8.72%	0.87%	
403	Hartford Small Company	HIASX	9.55%	-3.35%	15.76%	1.03%	5.92%	0.73%	
210	Vanguard Small-Cap <u>Index</u>	VSCIX	15.05%	-2.65%	19.32%	1.96%	6.77%	0.13%	
Mid-Cap Stock Funds									
208	Vanguard Capital Opportunity ⁽⁵⁾	VHCAX	10.74%	-6.12%	15.85%	0.97%	5.74%	0.41%	
Large-Cap Stock Funds									
202	Dodge & Cox Stock	DODGX	11.17%	-4.09%	12.63%	-4.10%	4.02%	0.52%	
306	Fidelity Contrafund	FCNTX	8.29%	-0.13%	14.70%	2.58%	6.96%	0.92%	
307	Fidelity Growth Company	FDGRX	7.74%	0.69%	19.65%	3.95%	4.76%	0.89%	
291	Janus Twenty	JAVLX	8.13%	-8.19%	12.06%	2.11%	4.87%	0.97%	
565	Vanguard Institutional <u>Index</u>	VINIX	11.81%	2.10%	14.15%	-0.22%	2.94%	0.04%	
Balanced Funds									
201	Dodge & Cox Balanced	DODBX	8.45%	-1.65%	12.32%	-0.87%	4.75%	0.53%	
Bond Funds									
207	PIMCO Total Return	PTRAX	2.16%	3.90%	8.61%	7.82%	6.54%	0.71%	
215	Vanguard Total Bond Market <u>Index</u>	VBTIX	0.97%	7.72%	6.79%	6.52%	5.62%	0.07%	

⁽¹⁾ Investment returns for the Ohio DC Options and Mutual Funds have been reduced for gross Expense Ratios. These average Expense Ratios may vary from time to time. The Expense Ratios for the Ohio DC Options are established by the Program and include a 0.09% Program administrative expense.

⁽²⁾ Returns shown for the periods prior to 12/18/2007 are those of the respective LifePath Index F series, net of historical Program administrative expenses.

⁽³⁾ LifePath portfolios and Stable Value Option (SVO) are not publicly traded mutual funds and do not have a ticker symbol or prospectus. These options are available only through Ohio Deferred Compensation. The value of the securities held by the SVO will fluctuate. The SVO focuses on principal preservation and a stable rate of return.

⁽⁴⁾ Average annual return since inception date.

⁽⁵⁾ This fund may be subject to a redemption fee. Please consult the Program website or fund prospectus for additional information.

⁽⁶⁾ Returns include performance of a different share class achieved prior to the inception of the Admiral or Institutional share classes. Returns were not recalculated to reflect the fees of the Admiral share class.

Contact Us



OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

Ohio Deferred Compensation Program is a supplemental retirement benefit plan regulated by Section 457 of the Internal Revenue Code. If you have questions regarding the Program, write, visit, or call an Account Executive at:

Ohio Deferred Compensation

257 East Town Street, Suite 457
Columbus, OH 43215-4626

Walk-in hours: 8:00 a.m. – 4:30 p.m. Monday – Friday

Phone hours: 8:00 a.m. – 5:30 p.m. Monday – Friday

Automated Telephone System: 24 hours, 7 days a week

1-877-644-6457

Ohio457@Nationwide.com

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www.Ohio457.org

Access the website 24 hours a day, 7 days a week:

- Check your account balance
- Exchange funds
- Access fund information, investment education, and retirement planning tools
- Change your deferral amount and/or allocation
- Update your personal information
- Print a Beneficiary Election Form

Holiday Schedule

The Service Center and exchange processing will be affected by the following New York Stock Exchange holiday schedule. When the Service Center is closed, you may still access your account by using the automated telephone system or website. Exchanges received on holidays will be processed as of the market close of the next business day.

<u>Holiday</u>	<u>Date Closed</u>	<u>Exchanges Processed</u>
Martin Luther King, Jr. Day	1/16/2012	1/17/2012
Presidents' Day	2/20/2012	2/21/2012
Good Friday	4/06/2012	4/09/2012

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www.Ohio457.org



Investment Performance Report Notes

Investment Performance: Investment returns on the Investment Performance Report do not reflect the deduction of the historical administrative fee. The Board may suspend the administrative fee at its discretion. All reported mutual fund returns assume reinvestment of capital gains and dividends and reflect the fund's expense ratio. The Ohio DC Options are not mutual funds or registered investment companies.

Administrative Fee: An administrative fee of \$2.00 per quarter was charged 1/1/2000 to 9/30/2006. The quarterly \$2.00 administrative fee has been suspended since 10/1/2006 to present.

Stable Value Option: Annualized returns are net of investment management, custody, principal protection, and plan administration fees. A fund profile can be obtained for the Stable Value Option by calling 1-877-644-6457 or visiting www.Ohio457.org.

LifePath Portfolios: Each LifePath Portfolio is based on a target year (when you expect to begin using your money). Portfolios are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. These portfolios experience risks and expense ratios, including applicable fees and expenses, of the underlying funds. There is no guarantee that LifePath Portfolios will provide enough income for retirement.

International Funds: Funds that invest internationally involve risks not associated with investing solely in the United States, such as currency fluctuation, political risk, differences in accounting, and the limited availability of information.

Small Company Funds: Funds investing in stocks of small or emerging companies may have less liquidity than those investing in larger, established companies and may be subject to greater price volatility and risk than the overall stock market.

Bond Funds: Bond funds have the same interest rate, inflation, and credit risks that are associated with the underlying bonds owned by the fund.