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## Oregon Treasury Saved Millions in Management Costs, Comparative Analysis Shows

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Source: Targeted News Service

Wordcount: 535

TIGARD, Ore., Nov. 4 -- The Oregon State Treasurer issued the following news release:

The Oregon State Treasury saved millions in investment management-related costs in 2010, according to a new independent analysis.

The findings from CEM Benchmarking Inc., of Toronto, show that the costs associated with managing the Oregon Public Employees Retirement Fund (OPERF) were \$39.3 million less than expected for the year, based on the investment structure of the Oregon fund.

The firm compared the costs of investment funds around the world and gauged Oregon against a peer group of 18 other large pension funds.

"Oregonians expect us to run a tight ship, and every dollar that we save in management costs goes directly to helping our beneficiaries and to helping taxpayers," said State Treasurer Ted Wheeler, a member of the Oregon Investment Council. "We will continue to look for ways to keep costs low while also pursuing strong investment returns."

The Oregon State Treasury, in accordance with policies set by the Oregon Investment Council, invests the assets of public trust funds including the Oregon Public Employees Retirement Fund (OPERF), the Common School Fund and the State Accident Insurance Fund (SAIF).

State Treasury investment officers monitor public investments and their performance, track financial markets and trends, and investigate profitable new opportunities.

Strong investment returns and lower costs bolster the direct beneficiaries of the funds but also are a boon to taxpayers, because robust investment gains reduce the public's obligations. Research from Mercer, an actuarial firm, has shown that Oregon relies more heavily than any other Western state on investment returns to pay for contractual retirement benefits.

Oregon public and trust fund investments totaled \$70.3 billion as of Sept. 30. The assets are diversified and invested around the world in public markets, indexed and actively managed funds, bonds and fixed income instruments, real estate holdings, and private specialty funds.

There are fees associated with all of those investments, and the State Treasury is constantly looking for ways to trim costs and negotiate the most favorable contracts for Oregon, Wheeler said.

According to the analysis, Oregon's investment portfolio is more heavily weighted toward private investments than peers, and those types of investments - while typically more profitable - also include higher levels of fees. However, Oregon has been successful at driving those fees down, compared to other private equity investors.

The Oregon Public Employees Retirement Fund had a Sept. 30 value of \$54.7 billion. The analysis found that OPERF paid \$445.7 million in management costs in 2010, which translated to less than 0.9 percent of the assets.

The State Treasury does not set public employee retirement benefits and nor does it set contribution rates for those entities that put money into the pension system. It is responsible for investing the financial assets between when money is paid in and when benefits are paid out. OPERF is held in trust

for its beneficiaries and cannot be utilized for any other purpose.

The Oregon State Treasury protects public assets and saves Oregonians money through its investment, banking, and debt management functions. The office also promotes public outreach and education to help Oregonians learn strategies to save money, invest for college and make smart financial choices.

TNS 23SQ111105-JF78-3665821 StaffFurigay