



# State of New Jersey

Department of the Treasury

**For Immediate Release:  
February 10, 2011**

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## ***Division of Investment Secures \$40 million in Savings on Investment Management Fees***

The New Jersey Division of Investment has successfully negotiated reductions in fees and expenses with a number of its alternative investment managers, securing savings of at least \$40 million over the next five years, said Division Director Timothy Walsh.

Walsh said the division opened negotiations with managers at the start of Fiscal Year 2011 because he believed that was an opportune time to leverage the state's alternative investment relationships. "We view our alternative investment managers as long-term partners and we expect our partners to be realistic in these market conditions," he said.

"As fiduciaries, we have an obligation to the beneficiaries of the pension fund to maximize net returns, after fees, while of course managing risk appropriately," said Robert Grady, Chairman of the State Investment Council, which oversees the division's activities. "Negotiating reductions in investment fees and expenses is an appropriate action for New Jersey to undertake and I applaud the Director's efforts."

Walsh emphasized that negotiations are ongoing with all of the division's alternative investment managers and he is confident that further cost savings will be secured. "I believe that once negotiations are complete, the state will realize at least \$50 million in secured savings over the next five years."

The fee reductions coincide with proposed regulatory changes that would increase the maximum allowable allocation for alternative investments from 28% to 38%. The division plans to present the results of an asset allocation study at the State Investment Council's March Meeting.

The division manages investments for the seven pension funds that comprise the New Jersey Pension Fund and the State of New Jersey Cash Management Fund.

The division is one of the largest pension fund managers in the United States. The pension fund supports the retirement plans of approximately 800,000 active and retired employees in seven public pension systems: the Consolidated Police and Firemen's Pension Fund, the Judicial Retirement System, the Police and Firemen's Retirement System, the Prison Officers Pension Fund, the Public Employees' Retirement System, the State Police Retirement System and the Teachers' Pension and Annuity Fund. On December 31, 2010, total pension assets under the division's management were approximately \$71 billion.