

Pensions & Investments

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Oklahoma Firefighters makes Nasdaq its preferred benchmark indexes

By Rob Kozlowski

Oklahoma Firefighters Pension and Retirement System, Oklahoma City, is adopting the Nasdaq Global index family as the preferred benchmark for its equity investments, confirmed Gerald W. Garrett, chairman of the \$1.9 billion pension fund's investment committee.

Mr. Garrett said in a telephone interview that the pension fund previously used the benchmarks preferred by managers, such as MSCI EAFE and the S&P 500. He added that the change is part of what he calls a "three-phase mission to lower the cost, be a good fiduciary and to be a good steward of the firefighters' money."

The first two phases were to negotiate with the pension fund's money managers on performance fees, and then to do a study on the trading costs of all the money managers, Mr. Garrett said.

"It's been said that I'm trying to pick up nickels in the middle of the highway. If you pick up a lot of nickels they turn into dollars," Mr. Garrett said.

The pension fund will require its 20 money managers to reconsider their current benchmarks, he confirmed.

"What I'm doing is trying to educate the board, the consultant (and) the money managers: There is a difference

in the cost," Mr. Garrett said. "I know the salespeople at S&P 500, they're friends, but you know money. Well, it's my responsibility to do the best for my plan, and this is an educational deal that I'm going through right now — that nobody knows you're sitting on top of a big mound of snow not realizing there's a giant iceberg below. All we're seeing is the snow. I'm trying to get people to open their eyes and educate them to this point."

Mr. Garrett hopes his pension fund's adoption of the Nasdaq index family will move other pension funds to look at the benchmarks their managers are employing.

"My goal is (to) lower that cost of that data, and S&P does not have competition right now and Nasdaq will someday be seen as competitors. Someday, Nasdaq will stand up side by side with S&P, and people will be able to make the choice on the data, and consultants will pick benchmarks based on cost. You can buy bananas at the front of the store for a nickel or you can buy them at a stand for two nickels, so why not buy them where they're the cheapest because a banana's a banana."

The Nasdaq Global indexes comprise more than 25,000 indexes covering 9,000 securities.