



June 4, 2009

Office of Regulations and Interpretations  
Employee Benefits Security Administration

Attention: Target Date Fund Joint Hearing

To Whom It May Concern:

I request the opportunity to present oral comments at the June 18 joint hearing on target date funds. The outline of my comments is attached. My testimony would be based on recent empirical research we have conducted on the range of allocations of target date funds, at various investment horizons. Then, using those findings, it would present the results of a comprehensive stochastic simulation analysis of the expected distribution of outcomes for the balances at a representative worker's retirement and income flows during retirement. Through the Research and Innovation Center at Watson Wyatt Worldwide, a major benefits consulting firm, we conduct this research, not at the request of any stakeholders in the retirement system, nor as an academic exercise, but as a service of great practical importance to plan sponsors and their workers, and to public policymakers. My short biography, for your information, is also attached.

Sincerely,

A handwritten signature in black ink that reads 'Mark J. Warshawsky'.

Mark J. Warshawsky, Ph.D.  
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Attachments

DOL-SEC Joint Hearing on Target Date Funds  
June 18, 2008, Washington, D.C.

Outline of Proposed Oral Comments of  
Mark J. Warshawsky  
Director of Retirement Research  
Watson Wyatt Worldwide

This testimony would respond mainly to the fourth item on which the agencies are requesting information: “the approaches or factors for comparing and evaluating TDFs.”

1. The Origin of TDFs, Arising from the Need for Investment Assistance to Plan Participants: Asset Allocations by Age in Retirement Accounts: Empirical Evidence (one minute)
2. The Range of TDF Asset Allocations by Age: Empirical Evidence, with Focus on Late Career Workers (two minutes)
3. Stochastic Simulations: One Method to Evaluate Strategy Risks and Expected Returns (one minute)
4. “Terminal” Balances at Retirement: Stochastic Results for Range of Fund Families for Three Workers of Different Career Horizons (three minutes)
5. Income Flows in Retirement: Stochastic Results for Range of Fund Families for Three Distribution Strategies for Late Career Workers: Fixed Percentage and Fixed Dollar Withdrawals and Life Annuity (three minutes)
6. Conclusions (one minute)

**Mark J. Warshawsky** is Director of Retirement Research at Watson Wyatt Worldwide, a global human capital consulting firm. He conducts and oversees research on employer-sponsored retirement programs and policies, social security, life insurance products, financial planning and health care financing. He has written numerous articles published in leading peer-reviewed scholarly journals, practitioner publications, conference volumes and working papers, has organized several research conferences, and has testified before Congress on public policies relating to pensions, annuities and other economic issues. A member of the Social Security Advisory Board for a term through 2012, he is also on the Advisory Board of the Pension Research Council of the Wharton School. From 2004 to 2006, Dr. Warshawsky served as assistant secretary for economic policy at the U.S. Treasury Department. During his tenure, he played a key role in the development of the Administration's pension reform proposals, particularly pertaining to the funding of single-employer defined benefit plans. These proposals formed the basis of the Pension Protection Act ("PPA") of 2006. Dr. Warshawsky's research led directly to the 2001-2 regulatory reform of minimum distribution requirements for qualified retirement plans. He is the inventor of the life care annuity, a product innovation integrating the immediate life annuity and long-term care insurance. For that research, Dr. Warshawsky won a prize from the British Institute of Actuaries in 2001. He has also held senior-level economic research positions at the Internal Revenue Service, the Federal Reserve Board in Washington, D.C. and TIAA-CREF, where he established the Paul A. Samuelson Prize. Dr. Warshawsky received a Ph.D. in Economics from Harvard University and a B.A. with Highest Distinction from Northwestern University.