

Decumulation/Retirement Income in Defined Contribution Plans

EBRI-ERF Policy Forum #64

Henry J. Kaiser Family Foundation
1330 G Street NW, Washington, DC 20005
Thursday, May 7, 2009
9:00 a.m. – 4:00 p.m.

Speakers

John Ameriks

John Ameriks is a Vanguard principal and head of Vanguard's Investment Counseling & Research Group. He serves as one of Vanguard's experts on retirement advice, retirement income management, and other investment issues.

Mr. Ameriks has conducted and published a variety of studies examining individual and household financial decisions regarding saving and portfolio allocation. His current research interests include target date funds, managed payout funds, income generating strategies for retirees, and the financial behavior and decisions of individual investors. Before joining Vanguard in 2003, he was a senior research fellow at the TIAA-CREF Institute, the research and education arm of TIAA-CREF.

Mr. Ameriks received an A.B. from Stanford University and a Ph.D. in economics from Columbia University.

John Cammack

John Cammack is head of Third Party Distribution and a member of the T. Rowe Price Operational Steering Committee, Institutional Marketing Steering Committee, Compliance Oversight Committee, as well as the Board of T. Rowe Price Investment Services, Inc. His duties include management of the firm's Third Party Distribution division and 529 college savings programs.

Prior to joining T. Rowe Price in 1991, Mr. Cammack was a vice president with Alexandra Armstrong Advisers, a financial planning boutique located in Washington, DC. He is a member of Phi Beta Kappa, with honors from Denison University, and holds an M.B.A. from Columbia University. He is a past member of the Investment Committee of the Phi Beta Kappa Foundation and the Certified Financial Planners Board of Governors. He is currently chairman-elect of the Mutual Fund Education Alliance and a member of the Board of the Foundation for Financial Planning and the Investment Companies Committee for FINRA. In addition, he serves on the Executive Committee of the United Way of Central Maryland.

Dan Campbell

Dan Campbell is the managing director for Milliman's Retirement Guarantee Network, a program of integrated technology, administration and investment advisory services to support guarantees in the 401(k), IRA, and retail markets. He is responsible for the overall development, marketing, and rollout of RGN to the 401(k) and IRA markets.

Prior to joining Milliman, Mr. Campbell spent 23 years at Hewitt Associates, where he was a partner and their Defined Contribution Practice Leader for the Midwest Region. Having consulted on the retirement

plans of many large plan sponsors, Mr. Campbell's expertise includes design, consulting, legislative issues, implementation, and administration of defined contribution plans.

Mr. Campbell received his M.B.A. from Northwestern University's Kellogg Graduate School of Management and B.S. degree from DePaul University.

Chip Castille

Chip Castille is head of product development for Barclays Global Investment's U.S. defined contribution business. Previously, he was managing director of Wilshire Associates and chief investment officer for Wilshire Funds Management. Mr. Castille has 15 years of investment management experience, including expertise in solving asset allocation, manager selection, and structure problems. Along with John Pirone and Duane Whitney, he co-authored "Optimizing Manager Structure and Budgeting Manager Risk," which was published in the *Journal of Portfolio Management*, and received the Bernstein Fabozzi/Jacobs Levy award for outstanding article in 2000.

Mr. Castille holds a M.B.A. from Loyola University and a B.A. in journalism from Louisiana State University.

Peng Chen, Ph.D.

Peng Chen, Ph.D., CFA, is president at Ibbotson Associates, a registered investment advisor and wholly owned subsidiary of Morningstar, Inc. Dr. Chen was chosen as one of the *Chicago Crain's Business* "40 under 40s" in 2007 and *InvestmentAdvisor* magazine's 25 most influential individuals in and around the planning profession in 2008.

Dr. Chen has been with Ibbotson for almost 12 years, and is one of the foremost authorities on asset allocation. He has played a key role in the development of Ibbotson's investment consulting and 401(k) advice/managed retirement account services. Dr. Chen served as managing director and chief investment officer for Ibbotson, prior to its acquisition by Morningstar in March 2006. Entrusted to create asset allocation models for many of the largest companies in the finance and investment industries, Ibbotson Associates is a leading provider of retirement advice programs and investment consulting services to institutions.

A respected researcher, Dr. Chen has expertise in asset allocation, portfolio risk measurement, nontraditional assets, and global financial markets. His writings have appeared in the *Financial Analysts Journal*, *Journal of Portfolio Management*, *Journal of Investing*, *Journal of Financial Planning*, *Bank Securities Journal*, *the American Association of Individual Investors Journal*, *Consumer Interest Annual*, and the *Journal of Financial Counseling and Planning*. He received the "Articles of Excellence" award from the Certified Financial Planner Board in 1996 and the "Graham and Dodd Scroll" award from the *Financial Analyst Journal* in 2003 and 2007. Dr. Chen received a bachelor's degree in industrial management engineering from Harbin Institute of Technology and his master's and doctorate in consumer economics from Ohio State University.

Craig Copeland, Ph.D.

Craig Copeland is a senior research associate with the Employee Benefit Research Institute (EBRI). He has been with EBRI since 1997, where he is director of the EBRI Social Security Reform Evaluation Research Program. In addition to Social Security, his research has focused on employment-based retirement plans and individual retirement accounts. He has authored over 50 *EBRI Issue Briefs* and *EBRI Notes* articles. He also has written chapters in books and articles in journals, most recently, "Increasing Debt Risk of Those Age 55

or Older, 1992–2004,” in *Public Policy & Aging Report*.

Dr. Copeland received a B.S. in economics from Purdue University and a Ph.D. in economics from the University of Illinois at Urbana-Champaign. He previously taught economics at Southern Illinois University-Carbondale.

Warren Cormier

Warren Cormier is founder and president of Boston Research Group. He has more than 25 years of quantitative and qualitative experience in financial services research for investment companies, both retail and institutional clients, banks, and insurance companies.

Mr. Cormier is also recognized as a market research leader in the defined contribution industry. In 2008, he was voted by DC professionals into the Top 15 Most Influential People in the Industry. Mr. Cormier is the author of the DCP 2000–2008 plan sponsor satisfaction and market dynamics studies, which have become the standard for service quality and trend measurement in the 401(k) arena. He also created similar DCP studies in the advisor and participant channels as well as the highly successful DCP Institute that brings together hundreds of retirement advisors, broker/dealers, asset managers, and DC plan providers to network and share creative ideas on practice building and servicing plan sponsors and participants.

In 2006, he co-founded the Behavioral Finance Forum with Dr. Shlomo Benartzi. The mission of the forum is to foster collaboration between the world’s leading behavioral finance academics and leading financial institutions to help consumers make better financial decisions.

Stephen Deschenes

Stephen Deschenes is senior vice president and chief marketing officer for the Retirement Income Group of Massachusetts Mutual Life Insurance Company (MassMutual). He has overall responsibility for marketing, product development, and pricing of the broad array of retirement income products. In addition, Mr. Deschenes manages a dedicated team focused upon development of next-generation income products, such as MassMutual’s Retirement Management Account (RMA). Prior to joining MassMutual in 2007, Mr. Deschenes was executive vice president and head of product management for Fidelity Investments Life Insurance Company.

Mr. Deschenes received a B.A. degree, graduating magna cum laude, from Harvard University, where he was a Harvard National Scholar, varsity athlete, and publisher and writer for the Harvard Lampoon.

Mark J. Foley

Mark J. Foley is vice president of Innovative Simplicity for Prudential’s Institutional Income Innovations Group. In this role he is responsible for the construction and oversight of products and solutions designed to deliver a retirement paycheck to working Americans enrolled in employer-sponsored plans.

Previously, Mr. Foley was the senior product manager for Prudential Retirement’s asset allocation products and selected equity funds. Earlier, Mr. Foley oversaw stable value products and asset allocation and equity product management at CIGNA, and was director of guaranteed products at MetLife, where he created, managed, and marketed stable value, guaranteed index, and alternative investment products.

Mr. Foley has a bachelor’s degree from Rutgers University. In addition, he holds the Fellow Life Management Institute designation and is a CFA Charterholder and member of the CFA Institute and the Hartford CFA Society.

Thomas J. Fontaine, Ph.D.

Tom Fontaine is the global head of AllianceBernstein's Defined Contribution business. Prior to his current role, Mr. Fontaine was head of the DC research and investment design team, researching effective target-date fund construction and the delivery of simple guaranteed retirement income. He is the author of several DC research pieces, including "Target-Date Funds: A Blueprint for Effective Portfolio Construction." Prior to joining the DC team, Mr. Fontaine was a senior quantitative analyst, senior portfolio manager, and then director of research for AllianceBernstein's Blend Strategies multi-asset class solutions team. Previous to joining the firm in 1999, Mr. Fontaine was a quantitative analyst at Tudor Investment Corporation. Mr. Fontaine earned a B.S., cum laude, in both mathematics and computer science from the University of Wisconsin-Madison in 1988, and a Ph.D. in computer science from the University of Pennsylvania in 1993. He has earned the Global Association of Risk Professionals Financial Risk Manager certification and is a CFA Charter holder.

Elizabeth L. Heffernan

Elizabeth Heffernan is vice president, Product Management for Personal and Workplace Investing (PWI), a unit of Fidelity Investments. In her current role she is responsible for developing and driving the Guaranteed Income and Investment product strategy for the defined contribution business within PWI.

Previously, Ms. Heffernan held a variety of roles in sales, marketing, and client relationship management, including responsibility for communications and education programs for Fidelity's Tax Exempt client base. She joined Fidelity in 1995.

Prior to joining Fidelity, Ms. Heffernan worked in employee benefits for Northwestern University in Evanston, IL, and First Colonial Bankshares in Chicago, IL.

Ms. Heffernan received her Bachelor of Arts degree in English from the University of Iowa in 1988. She currently holds her Series 6, 7, 63, and 24 registrations.

Lori Lucas

Lori Lucas, CFA, is an executive vice president and defined contribution practice leader at Callan Associates. She is responsible for setting the direction of Callan's DC business, providing DC support both internally to Callan's consultants and externally to Callan's clients, and developing research and insights into DC trends for the benefit of clients and the industry. Ms. Lucas is a member of Callan's Management Committee.

Ms. Lucas received a bachelor of arts from Indiana University and earned a Masters from the University of Illinois. Additionally, she earned the right to use the Chartered Financial Analyst® designation. Ms. Lucas' views have been featured in the *Wall Street Journal*, *Chicago Tribune*, *Pensions & Investments*, *Plan Sponsor Magazine*, *Washington Post*, *USA Today*, *Bloomberg*, *CNN*, *CFO-TV*, *New York Times*, *Newsweek*, *Baltimore Sun*, *Boston Globe*, and *WGN*. Ms. Lucas' writings have been published in *Benefits Quarterly* and the *Pension Investment Handbook*, among other publications.

Ms. Lucas is also a regular contributing columnist to *Workforce Benefits* online magazine, and is the executive vice chair of EBRI's DC Task Force.

Barbara S. Marder

Barbara S. Marder, ASA, MAAA, is a worldwide partner in the Baltimore office of Mercer, and is the global defined contribution consulting leader. In this role, Ms. Marder oversees a team of DC consulting specialists across the globe from the Investment Consulting and Retirement businesses and is leading the build out of Mercer's DC consulting approach and leading-edge intellectual capital and tools. Before this role, Ms. Marder was the professional leader for Mercer's Americas Retirement business, overseeing intellectual capital development, marketing, product development, training, and quality assurance.

Congressman Earl Pomeroy

Congressman Earl Pomeroy was born in Valley City, North Dakota. After representing his hometown in the state legislature and serving as state insurance commissioner, he was elected to the U.S. House of Representatives in 1992. Cong. Pomeroy's leadership and hard work earned him a spot on the powerful Ways and Means Committee, which is charged with tax, trade, Social Security, and Medicare issues. Cong. Pomeroy is also a member of the House Agriculture Committee, a rare second committee slot awarded for his knowledge and advocacy of family farming and ranching issues.

As one of the foremost experts on retirement security in Congress, Cong. Pomeroy has pushed for legislation to expand retirement savings, to enhance the portability of retirement savings, and to help insure retirees against longevity risk. Cong. Pomeroy is a defender of defined benefit plans and has worked to prevent excessively burdensome and unpredictable pension funding reforms. Cong. Pomeroy worked in 2008 to secure passage of the Worker, Retiree, Employer Recovery Act to help pension plans and workers cope with the asset meltdown.

As a member of the Social Security Subcommittee, Cong. Pomeroy plays an important role assuring that this defined benefit foundation of retirement security for American workers continues to fill its important role and that other important Social Security protections for disabled workers, survivors, and their dependents are paid in a timely fashion.

Christopher Raham

Chris Raham is a senior actuarial advisor in the Insurance and Actuarial Advisory Services practice of Ernst & Young, and has more than 14 years of experience serving the financial services industry.

Leader of the firm's Retirement Income practice, Mr. Raham is responsible for the delivery of the firm's actuarial services aimed at institutions seeking a competitive advantage in the retirement distribution market place. Primary services include risk assessments of retirement planning tools, product allocation optimization, product development and selection, third-party independent whitepaper analysis, value demonstrations, and planning tool development. A frequent contributor to both mainstream and industry publications, Mr. Raham has recently appeared in *SmartMoney*, *Best's Review*, and *National Underwriter*.

Recent presentations at industry events include "Recognizing Retirement Risk in Planning Tools" at the 2007 Retirement Income Industry Association meeting, and "Navigating the Road to Retirement" at the 2008 Retirement and Savings meeting of the Securities Industry and Financial Markets Association.

Mr. Raham holds a Bachelor of Science in actuarial science from the University of Calgary in Canada. He is a Fellow of the Society of Actuaries.

Dallas L. Salisbury

Dallas L. Salisbury, president and CEO of the Employee Benefit Research Institute (EBRI), joined EBRI at its founding in Washington, DC, in 1978.

As a member of a number of commissions, Mr. Salisbury assists study panels as well as editorial advisory boards. He is currently a Fellow of the National Academy of Human Resources and a member of the Board of the NAHR Foundation, the Board of Directors for FINRA Investor Education Foundation, and the Board of Advisors to the Comptroller General of the United States. He has served on the Secretary of Labor's ERISA Advisory Council, the presidentially appointed PBGC Advisory Committee, the Board of Directors of the Society for Human Resources Management, the U.S. Advisory Panel on Medicare Education, the Board of Directors of the National Academy of Social Insurance, and numerous other commissions and advisory groups.

Mr. Salisbury has been honored with the Award for Professional Excellence from the Society for Human Resource Management, the Plan Sponsor Lifetime Achievement Award, and the Keystone Award of WorldatWork. Mr. Salisbury was a delegate to the 1998, 2002, and 2006 National Summits on Retirement Savings and the 2005 White House Conference on Aging. He accepted a National Emmy Award for *Savingsman*[®] and the *ChoosetoSave*[®].org public education program.

Mr. Salisbury has written and lectured extensively on economic security topics. His most recent books are: *Retirement Security in the United States: Current Sources, Future Prospects, and Likely Outcomes of Current Trends*; *The Future of Retirement Income in America*; *The Future of Social Insurance: Incremental Action or Fundamental Reform?*; *IRA and 401(k) Investing*; and *Managing Money in Retirement*.

Mr. Salisbury is interviewed regularly by all media, has appeared in all major media and on all major networks, as well as specialty channels such as *CNN*, *CNBC*, *MSNBC*, *Fox*, *Fox Business*, *PBS*, in addition to radio and Web networks and programs. *Plan Sponsor* recognizes him as “one of fifteen legends”; *401(k) Wire* as “one of the ten most influential”; and *Pension & Investments* as “one of the 30 who have made the most difference to retirement in America.” The *PBS Lehrer News Hour* did a feature piece on Mr. Salisbury titled, “Dallas Salisbury takes *Savingsman*[®] to the nation.”

Prior to joining EBRI, Mr. Salisbury held full-time positions with the Washington State Legislature, the U.S. Department of Justice, the Employee Benefits Security Administration of the U.S. Department of Labor, and the Pension Benefit Guaranty Corporation (PBGC). He holds a B.A. degree in finance from the University of Washington and an M.P.A. from the Maxwell School of Citizenship and Public Affairs at Syracuse University.

Stacy L. Schaus

Stacy L. Schaus, CFP[®] is a senior vice president and the defined contribution practice leader at PIMCO. In this role, she leads the defined contribution (DC) business, including client servicing, consultant relations, analytics, marketing, product development, and thought leadership. PIMCO manages over \$100 billion in DC assets.

Prior to joining PIMCO in 2006, Ms. Schaus was a principal at Hewitt Associates in Lincolnshire, IL. During her 17-year career at Hewitt, she built Hewitt Financial Services Investment Consulting and Brokerage, as well as created the Hewitt 401(k) Index[™] and the Hewitt Personal Finance Center. Ms. Schaus began her career in 1981 with Merrill Lynch Capital Markets.

Ms. Schaus holds a B.A. from the University of California at Santa Barbara, and an M.B.A. in Finance/International Business from New York University. She is also a Certified Financial Planner[®] and

served on the board of the Financial Planning Association. Ms. Schaus is the author of *PIMCO DC Dialogue™ – A Collection of PIMCO DC Publications 2006 to 2007*, as well as numerous articles on DC issues.

Jody Strakosch

Jody Strakosch is the national director responsible for developing and servicing strategic alliances through co-branding and private labeling partnerships for retirement income programs. Ms. Strakosch has been with MetLife for 28 years and has an extensive background in defined benefit and defined contribution markets. She has held many client-facing roles, including direct client management and sales, investment consulting, and has also directed diverse marketing functions, including product development, market research, and advertising and public relations.

Ms. Strakosch graduated from Wellesley College in Wellesley, MA, with a Bachelor of Arts.

Jack VanDerhei, Ph.D.

Jack VanDerhei is the research director of the Employee Benefit Research Institute.

Dr. VanDerhei has published more than 100 publications devoted to employee benefits and insurance, but his major areas of research focus on the financial aspects of private defined benefit and defined contribution retirement plans. He is currently analyzing a database with annual observations since 1996 of over 20 million 401(k) participants from more than 50,000 plans. He has also done extensive and detailed computer modeling on retirement income adequacy, company stock in 401(k) plans, and the pooling of longevity risk.

Dr. VanDerhei has testified extensively on Capitol Hill, most recently on the financial impact of the current financial crisis on 401(k) participants, and his analysis on this issue has been widely cited in the news media. Dr. VanDerhei was named by *Treasury & Risk* as one of the *100 Most Influential People in Finance*. He received his B.B.A. and M.B.A. from the University of Wisconsin-Madison, and his M.A. and Ph.D. from the Wharton School of the University of Pennsylvania.

Jay Vivian

Jay Vivian, Managing Director (retired), IBM Retirement Funds, led IBM's 401(k) and pension fund group from late 1999 until his retirement in late 2007. He oversaw \$130 billion in IBM retirement funds worldwide during several major benefit redesigns and the so-called Perfect Storm of 2001–2002. IBM's investment strategies were somewhat unusual, including significantly more index funds than most other large plans, a very early application of LDI, extremely low-cost approaches in the largest private-sector savings fund in the world, much attention on the shift from DB to DC, and an early focus on decumulation. In the prior decade at the IBM Retirement Funds, he was involved in strategy, fund operations, worldwide funds management, vendor and audit management, and held staff positions in asset allocation, fixed income, equity, and currency management. Mr. Vivian was featured in a 2006 cover story in *Plan Sponsor* magazine, naming IBM “Plan Sponsor of the Year.”

Treasury & Risk magazine named Mr. Vivian one of the “100 Most Influential People in Finance” in 2007, and he was named an ex-officio member of CIEBA (the Committee on Investment of Employee Benefit Assets, a \$1 trillion fund trade group) in 2008 after serving as its Vice Chair and founding Chair of its Investments Committee. He has been featured in interviews and articles in *The Wall Street Journal*, *USA Today*, *Plan Sponsor*, *MSN Money*, *Pensions & Investments*, and *Institutional Investor*. Mr. Vivian serves on advisory bodies for the United Way of America, EBRI (on its Defined Contribution Research Task Force), and CIEBA. He is a member of the National Association of Corporate Directors, the CFA Institute, the Conference Board's Research Council on Global Investing, and the Global Association of Risk Professionals.

Mr. Vivian received a C.F.A. charter from AIMR (now the CFA Institute), an M.B.A. from Harvard Business School, and an A.B. in mathematics from Bowdoin College.

David Wray

David L. Wray is the president of the Profit sharing/401k Council of America (PSCA), a national, nonprofit association of companies that sponsor profit-sharing and 401(k) plans for over five million employees. He is a nationally recognized authority on 401(k) and other defined-contribution plan issues, and he has testified before congressional committees and at Labor Department, Treasury Department, and Internal Revenue Service hearings. Mr. Wray was the 2004 Chair of the Department of Labor's ERISA Advisory Council, which advises the Secretary of Labor on benefits issues, and was a member of the Certified Financial Planner Board of Standards Advisory Board. He is a member of the John Marshall Law School Center for Tax Law and Employee Benefits Advisory Board. He served as president from 1993 to 1996 of the International Association for Financial Participation (IAFP), a Paris-based alliance of national organizations that promote the use of employee financial participation. He frequently speaks before trade groups, contributes to benefits publications, and is quoted frequently in the media. His book, *Take Control with Your 401(k)*, originally published in June 2002, was revised and re-released in December 2007.