Dear Ms. Elliott:

I take the liberty to reach out to offer some comments on CA Secure Choice as I have been involved in pension reform efforts globally for close to 20 years. I am currently an Academic Scholar at Kathleen Kennedy's Georgetown University Center for Retirement Initiatives, but was also a consultant to Overture for your study, and was invited to speak to the CT Retirement Security Board about their reform. I am also a Founding Advisor for the University of California's Defined Contribution Plan. By way of background, I have been managing pension assets for over 20 years (including those of some of the most sophisticated CA public funds) and wrote a book on reforming Social Security with Prof. Modigliani (a Nobel Prize winner) in 2004. My comments are strictly personal and do not represent those of any of the organizations I am affiliated with.

The reason for reaching out is that I feel that many academics and interested parties to the reform have been recommending investment models which are guaranteed to fail if used by CA Secure Choice. As I discussed with CT's Retirement Security Board, if the goal of the Secure Choice reform is to provide individuals with a target, guaranteed, inflation-adjusted retirement income for life, then existing instruments and approaches (including Pooled IRAs or target income solutions) cannot provide such an outcome at low-cost, low-risk, in a simple manner and with the liquidity desired by CA citizens (as indicated in the study Overture conducted). Based on my experience working on the CA reform and other reforms, I have suggested that the US Treasury needs to issue a new bond (see attached one page Op-Ed in Pensions and Investments), and thanks to Kathleen Kennedy and Hank Kim, have had preliminary discussions with US Treasury officials. A more detailed paper is available online (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2680282), but unless states like CA and CT lobby for such an instrument, it will never be introduced, and your citizens will be exposed to the vagaries of the market, will pay steep costs, have to engage in complex transactions and enter into illiquid annuity contracts.

I trust this information is useful and I am available to help in any way possible as I would hate to see these reforms go the way of the privatization of Social Security systems globally (as Prof. Modigliani and I had forcasted); namely, that they transferred monies from poor citizens to rich Wall Street firms.

Thanks in advance and good luck with the reforms.

Best regards

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