

June 5, 2009

**Via E-mail: [e-ORI@dol.gov](mailto:e-ORI@dol.gov)**

Employee Benefits Security Administration,  
U.S. Department of Labor  
Attn: Target Date Fund Joint Hearing,  
Room N—5655, U.S.  
Department of Labor, 200 Constitution  
Avenue, NW, Washington, DC 20210

**Re: Request to Testify**

Dear Sir or Madam:

On behalf of Callan Associates Inc., I respectfully request to testify at the June 18, 2009 public hearing on Target Date Funds and Similar Investment Options. Callan Associates Inc. is one of the largest independently-owned investment management consulting firms in the country. We provide consulting services to more than 300 large fund sponsor clients who are responsible for approximately \$1.075 trillion in assets. Our clients include defined contribution plans, multi-employer plans, corporate and public pension plans, endowments and foundations and other large institutional asset pools.

Our firm's services include strategic planning, plan implementation, monitoring and evaluation, and education and research. Callan Associates has developed a proprietary target date fund index in order to benchmark clients' target date funds, as well as proprietary analytics that allow clients to understand the drivers of target date fund performance. Additionally, we work with clients to develop customized target date fund glide paths.

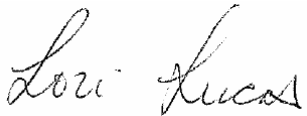
My testimony would focus on the following four topics:

1. Prepackage target date funds (mutual funds and collective trusts) offer highly varied approaches across the industry. In one respect, they provide plan sponsors with a valuable ability to match target date fund asset allocations (or glide paths) with the unique features of their plan. However, the wide variety of prepackaged target date funds also increases the complexity of the evaluation process. (Time: 2 minutes)
2. Evaluation and monitoring approaches for target date funds range widely, but continue to be dominated by use of proprietary benchmarks. Such benchmarking offers very limited insight into the drivers of target date fund performance. Effective approaches for monitoring and evaluation of target date funds include retirement income replacement analysis, peer group analysis, use of independent target date indices, and fee analysis. (Time: 3 minutes)

3. Custom target date solutions provide an alternative for plan sponsors to have greater control over their target date fund asset allocation and underlying managers. However, clarification would be beneficial so that plan sponsors definitively understand the impact of such customization on their fiduciary obligation. (Time: 2.5 minutes)
4. Communication of target date funds needs to be clearer, with greater insight provided into how target date funds are intended to be used in retirement. (Time: 2.5 minutes)

On behalf of Callan Associates, I appreciate EBSA's consideration of this request and look forward to having the opportunity to testify at the hearing. If you have any questions or need additional information regarding this request, please feel free to contact me at (312) 346-3536.

Respectfully,

A handwritten signature in cursive script that reads "Lori Lucas".

Lori Lucas, CFA  
Executive Vice President and  
Defined Contribution Practice Leader  
Callan Associates Inc.