

**STATEMENT OF
CHARLES E.F. MILLARD
NOMINEE TO BE THE DIRECTOR
PENSION BENEFIT GUARANTY CORPORATION
BEFORE THE
SENATE COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS
September 6, 2007**

Chairman Kennedy, Ranking Member Enzi, and Members of the Committee:

Thank you for giving me the opportunity to appear before you today. I am honored and humbled that President Bush has nominated me to serve as the Director of the Pension Benefit Guaranty Corporation, and I appreciate your consideration of my nomination. Public service is a privilege which I hold dear and I am sincerely grateful for this opportunity to serve.

Before my formal statement, and with your indulgence, I would like to introduce members of my family who are here with us today. My son Egan, daughter Christine and son Conor.

For as long as I can remember, my parents taught my siblings and me that loving our neighbor meant taking action. My first experience of that action was marching for civil rights with my parents 40 years ago in Newark, New Jersey. And the desire to serve has stayed with me since that time. I certainly hope that my children experience a similar example from my wife and me.

I have had the chance to serve as a VISTA Volunteer in Crown Heights, Brooklyn, and as a Board member of the New York Urban League. In 1985, I worked in Chile for the Vicariate of Solidarity, a Santiago-based human rights organization. I have served as a New York City Councilman and was then appointed by Mayor Rudolph Giuliani to be the President of the New York City Economic Development Corporation (EDC) and Chairman of the New York City Industrial Development Agency. I also worked as a Legislative Assistant in the early 1980s for Congresswoman Millicent Fenwick of New Jersey.

My work in New York as head of EDC is worth noting because, like PBGC, EDC was created as a corporation to manage governmental programs that are principally business-like in nature, produce self-sustaining revenue, involve numerous negotiated transactions, and require greater budget and other flexibility than a traditional government agency.

In addition to public service, my career in private life also helps me bring relevant knowledge and experience to PBGC. I have been a practicing Wall Street attorney representing large financial institutions, and I have been a Managing Director involved in investment banking, public finance and investment management with firms such as Lehman Brothers and Prudential Securities. Most recently, I have been a partner in a

more entrepreneurial real estate enterprise, dealing with large individual and institutional investors regarding their investment allocations to real estate.

This diverse background in public and private life has given me experience in managing hundreds of people in a public environment and directing a large organization to higher achievement. I have also come to understand how individual corporations reach financial decisions and how many large institutions and pension funds make investment decisions.

PBGC's insurance program currently protects the pensions of over 40 million Americans. The corporation receives no funds from general tax revenues. Rather, it is financed by insurance premiums paid by plan sponsors as well as by assets from terminated plans, recoveries from companies that sponsored those plans, and investment income from these assets.

When an underfunded plan terminates, PBGC becomes trustee, taking over the assets and paying benefits. The corporation is now trustee of approximately 3,700 terminated plans. In Fiscal Year 2006, the corporation paid more than \$4 billion to over 612,000 retirees and beneficiaries in trusteed plans. There are about another 550,000 people who will receive payments in the future upon retirement. These are workers who depend on the PBGC, and I fully appreciate the necessity for prudent decisions and management of this agency. Workers who receive benefits from the PBGC have already been let down by their pension plan; they should not be let down again by the pension guarantor.

PBGC and the defined benefit pension system face considerable challenges in coming years. At the end of FY 06, PBGC's deficit stood at \$18.9 billion. The corporation controls assets worth approximately \$61 billion and faces liabilities of approximately \$80 billion (on a present value basis). Also, PBGC estimates that total underfunding in on-going plans stood at \$500 billion at the end of FY 06.

The Pension Protection Act, passed last year by Congress and signed by President Bush, has made some significant improvements in the system that will enhance the soundness of the defined benefit system for millions of American workers. The corporation is currently implementing the PPA, including the development of a comprehensive set of regulations and other guidance as mandated by Congress.

Mr. Chairman, I would like to emphasize my personal commitment to PBGC's mission and purpose. It is PBGC's job to promote and maintain healthy plans, to negotiate in bankruptcy and other proceedings to protect workers and their benefits and, of course, when a plan must terminate, it is PBGC's job to pay those benefits. This requires constant vigilance of various corporate transactions, securities filings, and bankruptcy court proceedings. It requires steadfast negotiations by PBGC on behalf of workers and their families to help avoid plan terminations or minimize their impact. And it requires responsible and effective investment and stewardship of the assets that are used to pay benefits to the insured beneficiaries of trusteed plans.

The corporation carries a tremendous responsibility because the "insured beneficiaries of trusteed plans" I just mentioned are actually real, individual human beings – people who have worked their whole lives to receive the retirement payments that they have been promised and have earned, people who support families, and who wait for the check from PBGC so they can sit at the kitchen table and pay their bills, people who are counting on PBGC to carry out its mission as given to it by you.

If confirmed in this position, I would welcome the opportunity to work with members of the Senate and the House, as well as your staffs, to make sure that we do the best job we can for these workers.

I would be happy to answer any questions you may have.

Thank you.