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United States Government Accountability Office
Washington, DC 20548

February 17, 2006

The Honorable George Miller
Ranking Minority Member
Committee on Education and the Workforce
United States House of Representatives

The Honorable Edward J. Markey
United States House of Representatives

Subject: Conflict of Interests in Pension Asset Management

We have talked with your staff concerning your request for a GAO study on how pension consultant conflicts of interest and undisclosed financial arrangement may have adversely affected the solvency of some pension plans, particularly those which have been assumed by the Pension Benefit Guaranty Corporation (PBGC).

As agreed, the overall objective of our work will be to provide information on the potential conflicts of interests that may exist in pension fund asset management and how potential conflict of interests and undisclosed financial arrangements may affect the solvency of pension funds. Additionally, we will determine which agencies are responsible for overseeing and investigating potential conflicts and what is PBGC's role in this process.

We have begun the design phase of the work, which we expect will be completed by May 31, 2006. At that time, we will provide you with a projected completion date for the entire project. Should you have any questions, you may contact me on (202) 512-7215 or my Assistant Director, Charlie Jeszeck, on (202) 512-7036.

Barbara D. Bovbjerg, Director
Education, Workforce, and
Income Security Issues