

Opening Statement of Gordon Hartogensis
Nominee to Serve as Director of the Pension Benefit Guaranty Corporation
Senate Finance Committee
9/27/2018

Thank you, Chairman Hatch, Ranking Member Wyden, and distinguished Members of the Committee. It is an honor to appear before you today as you consider my nomination to be Director of the Pension Benefit Guaranty Corporation (PBGC).

I want to thank the President of the United States for nominating me and Secretary Acosta for recommending me. I am here today with my wife Grace and my two daughters, Alexia and Penelope, and I also want to thank them for their support.

My journey to this appointment began when I was a teenager. I grew up in a middle class family in Rockville, Maryland and attended Montgomery County public schools. My father served on the Rockville City Council and taught me about the importance and honor in public service. I have fond and proud memories of visiting city hall, attending public events, and watching him solve the city's problems. I hope to have the chance to give my family that same sense of pride.

If confirmed, I would be honored to dedicate myself to work towards the goal of retirement security of more than 40 million Americans. The PBGC is in a difficult financial position today. While simulations show that the single-employer program is likely to improve during the next decade, the multiemployer program continues to decline and has a net deficit of \$65 billion. Congress tried to address this multiemployer deficit by enacting the Multiemployer Pension Reform Act (MPRA) legislation in 2014. However, it has become clear that MPRA is not enough and further Congressional action is necessary.

Additionally, the PBGC has operational issues that must be addressed. The single-employer program manages a trust fund with \$106 billion that must be strategically invested to offset the program's liabilities. The agency also administers single-employer plans and provides financial assistance to insolvent multiemployer plans that together cover millions of Americans who count on these pensions. Finally, challenges within information technology at the PBGC must be addressed, with a particular emphasis on cybersecurity. The PBGC, as a repository for large amounts of personal financial data, must be vigilant in protecting this information that is all too often targeted by hackers seeking financial gain.

Given the large issues facing the agency, I believe that the PBGC would benefit from the perspective of an outsider who can review these issues with fresh eyes and who

has a professional track record of addressing problems with technological and financial savvy.

The multiemployer deficit will require a consensus builder at the head of the PBGC. The various stakeholders involved – employees, retirees, unions, employers, Congress, and taxpayers will all need to be listened to as we attempt to develop solutions to the crisis. During my days of building Petrolsoft with two friends from Stanford, I worked with stakeholders within major energy companies to implement our logistics systems. These included bringing together truck drivers, dispatchers, terminal managers, franchisees, IT professionals, and corporate management. There were many competing objectives that had to be worked out to make our projects successful.

The PBGC will require a strong manager who can lead the various teams within the agency. As an owner of two technology companies, I have managed teams of salespeople, operations staff, financial professionals, call centers, and technology groups. I understand how to motivate and inspire employees as well as listen to and resolve their concerns.

I have finance and investment experience that will be useful in running the PBGC from an early career on Wall Street, from running two companies, and from managing a private equity and angel investment portfolio. At Credit Suisse, I learned how financial markets work. As an owner of two companies that were acquired, I built financial models to determine valuation and participated in Q&A sessions with Wall Street analysts. Both companies had retirement plans that I helped to merge into the plans of their acquirers. Managing an investment portfolio, I evaluated growing companies for investment worthiness and advised many on raising money or improving operations.

The PBGC will benefit from an experienced technology leader at the helm. I have managed teams of developers and applied best practices from industry standards. I have built systems that integrated with other enterprise systems. I have worked to improve data security and to leverage the cost benefits of cloud computing.

If confirmed as Director of the PBGC, I pledge to work with Congress to ensure the pension security of all Americans. The multiemployer plans deficit will require strong action from the director of this agency. The perspectives of all stakeholders in the system will need to be understood. The growing crisis that is expected to make the multiemployer program insolvent by 2025 must be handled while at the same time our pension insurance system must be made sustainable. This will require an active communication strategy from the Director of the PBGC. Additionally, data must be used effectively to both educate and uncover opportunities.

If confirmed, I would be honored to dedicate myself to work towards the goal of retirement security of more than 40 million Americans. My mother is living on a pension and I understand the importance of defined benefit pension plans as they allow so many hard-working Americans to retire with dignity and enjoy the fruits of a lifetime of work. I would like nothing more than to follow in my father's footsteps by giving back and applying the skills I have acquired in service to my country.

Thank you for allowing me to appear today. I am happy to answer any questions.