AMERICAN RETIREMENT ASSOCIATION

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Working for America's Retirement

August 5, 2026

The Honorable Tim Scott
Chairman
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
Ranking Member
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Letter of Support for S. 424, *The Retirement Fairness for Charities and Educational Institutions Act of 2025*

Dear Chairman Scott and Ranking Member Warren:

On behalf of the over 40,000 members of the American Retirement Association (ARA)[1] who work on behalf of the 14.5 million Americans in the nonprofit sector relying on 403(b) plans for their retirement savings, I write to express strong support for S. 424, *The Retirement Fairness for Charities and Educational Institutions Act of 2025* (the Act) and urge you to include it in the Committee's next capital formation package. This critical legislation will enhance retirement security for American workers such as public school teachers, charity workers, and other retirement savers who wish to invest in collective investment trusts (CITs) under their 403(b) plans—a long-standing option already available to private-sector employees through 401(k) plans.

Congress has already done half of this work. In the SECURE 2.0 Act of 2022, Congress amended the Internal Revenue Code to permit 403(b) plans to invest in CITs, but it did not make the conforming changes to federal securities laws needed to give that authority effect. As a result, 403(b) participants remain locked out of CITs today, despite their widespread use and success in 401(k) plans.

S. 424 would finish the job Congress started.

Like mutual funds and exchange-traded funds (ETFs), CITs pool assets from multiple investors—a familiar, well-understood structure that plan fiduciaries evaluate every day. CIT fees, however, are typically up to 53% lower than those of comparable mutual funds.[2] These savings directly benefit participants: allowing 403(b) plans to invest in CITs could save the average worker up to $28,000 in retirement—enough to cover six months of expenses—by reducing fees just 0.08% per year.[3] Moreover, CITs offer greater flexibility in

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[1] ARA is the coordinating entity for its five underlying affiliate organizations representing the full spectrum of professionals serving America's private retirement system: the American Society of Pension Professionals and Actuaries (ASPPA), the National Association of Plan Advisors (NAPA), the National Tax-Deferred Savings Association (NTSA), the American Society of Enrolled Actuaries (ASEA), and the Plan Sponsor Council of America (PSCA). ARA's members are diverse but united in their common dedication to the success of America's private retirement system.

[2] *See* ARA, "Lowering Investment Fees for Participants in 403(b) Retirement Plans" (2024).

[3] Vanguard, "How to Lower Costs for Teachers and Health Care Workers Saving for Retirement" (June 2025).

investment strategies, enabling retirement savers to diversify their savings across a broader range of securities.

In addition to CITs being cost-effective and adaptable, they also are highly regulated. The Office of the Comptroller of the Currency (OCC) oversees them under Regulation 9, which establishes strict fiduciary standards. Additionally, the Act would require most 403(b) plans offering CITs to adhere to additional fiduciary standards under the Employee Retirement Income Security Act (ERISA) or federal securities laws, ensuring the same level of oversight and protection that already applies to 401(k) plans.

With the House having acted in December 2025 in passing this bipartisan legislation as part of the INVEST Act of 2025 (H.R. 3383), the Committee is well positioned to move this bill across the finish line. We respectfully urge you to include S. 424 in the Committee’s next capital formation package.

Thank you for your leadership in strengthening retirement security for all Americans. We look forward to working with you to ensure the best possible outcomes for retirement savers.

Sincerely,

/s/

Brian H. Graff, Esq., APM
Executive Director/CEO
American Retirement Association

cc: The Honorable Katie Britt
The Honorable Raphael Warnock