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September 26, 2024

The Honorable Katie Britt
United States Senate
502 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Gary Peters
United States Senate
724 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Bill Cassidy
United States Senate
455 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Raphael Warnock
United States Senate
416 Russell Senate Office Building
Washington, D.C. 20510

Re: Retirement Fairness for Charities and Educational Institutions Act of 2024 (S. 4917)

Dear Senators Britt, Peters, Cassidy, and Warnock:

On behalf of the American Bankers Association (ABA), I am writing to express our strong support for S. 4917, the Retirement Fairness for Charities and Educational Institutions Act of 2024. This bipartisan legislation would level the playing field among retirement plans by expressly authorizing 403(b) plans to invest in bank collective investment trusts (CITs or collective funds). These bank-maintained trusts collectively invest the assets of multiple qualified tax-exempt retirement plans through either passively managed (indexed) or actively managed plans. Most CITs include daily valuations and trade processing and are offered in a wide range of asset classes, including domestic equity, international equity, domestic fixed income, international fixed income, stock/bond blend, target date funds, and short-term investment funds. Retirement plan sponsors and their record keepers are increasingly choosing to invest through these customized investment options due to the fact that CITs are cost effective and offer more investment options for 401(k) and similar defined contribution plans.

Banks CITs are regulated under federal and state banking laws and subject to examination and oversight by federal and state banking regulators. In addition, CITs are subject to the Employee Retirement Income Security Act of 1974 (ERISA) and must comply with federal tax laws that limit the eligible investors to U.S. tax-qualified retirement plans and U.S. governmental retirement plans. Finally, CITs must meet specific bank management standards, follow investor eligibility restrictions, and are subject to the broad anti-fraud requirements of the federal securities laws. Given the significant benefits of CITs for retirement investing, we believe that CITs should be made available without restriction to 403(b) plans in the same manner as traditional pension and 401(k) plans. Thank you for introducing this important piece of bipartisan legislation.

Sincerely,

Kirsten Sutton

Cc: Members of the United States Senate