

May 23, 2023

The Honorable Frank Lucas
United States House of Representatives
2405 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Bill Foster
United States House of Representatives
2366 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Josh Gottheimer
United States House of Representatives
203 Cannon House Office Building
Washington, D.C. 20515

The Honorable Andy Barr
United States House of Representatives
2430 Rayburn House Office Building
Washington, DC 20515

Dear Representatives Lucas, Gottheimer, Foster, and Barr:

On behalf of the American Bankers Association¹ (ABA), I am writing to express our strong support for H.R. 3063, the Retirement Fairness for Charities and Education Institutions Act of 2023. 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,



CC: Members of the House Financial Services Committee

¹ The American Bankers Association is the voice of the nation's \$23.6 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$19.2 trillion in deposits and extend \$12.2 trillion in loans.