November 2023

The Honorable Sherrod Brown
Chair
Committee on Banking, Housing & Urban Affairs
U.S. Senate
Washington, DC 20515

The Honorable Tim Scott
Ranking Member
Committee on Banking, Housing & Urban Affairs
U.S. Senate
Washington, DC 20515

Dear Chairman Brown and Ranking Member Scott:

On behalf of the undersigned nonprofits and nonprofit associations which represent some of the country's largest and most well-respected charitable and philanthropic organizations, we want to express support for legislation that would allow 403(b) plans subject to the Employee Retirement Income Security Act of 1974 (ERISA) the option to utilize Collective Investment Trusts (CITs) in their investment fund lineup. The House Financial Services Committee has passed out of Committee the *Retirement Fairness for Charities and Educational Institutions Act (HR 3063*), which would allow for CITs as an investment product in 403(b) plans.

While we are all driven by our missions in communities, our impact for the common good is only made possible by our employees and volunteers. However, attracting and retaining employees is a longstanding challenge for nonprofit organizations.

One important employee benefit is a strong and robust retirement plan. Currently, nearly 15 million nonprofit employees use 403(b) plans to help save for their retirement. As you know, 403(b) plans are a type of retirement plan specifically available for employees of certain nonprofit organizations spanning the diversity of the sector that provide critical services in communities across the country. Nonprofit employees that utilize 403(b) plans are working to provide health research and patient education, food and housing assistance, domestic violence support, childcare, youth homeless shelters, faith-based services, cultural and arts programming, and more.

Like a 401(k) plan, nonprofit employees with 403(b) plans can contribute a portion of their salary on a tax-advantaged basis for retirement. But under current securities laws, 403(b) plan sponsors – unlike 401(k) plan sponsors -- are prohibited from using CITs as an investment option in their plan. A CIT is a tax-exempt investment vehicle that is similar to mutual funds as it allows investors to diversify their holdings across a range of securities (e.g., stocks and bonds). Similar to mutual funds, most CIT investors are protected by ERISA to ensure the best interests of retirement plan participants. Regulated by the U.S. Treasury, CITs typically have lower fees compared to mutual funds that can mean larger returns for retirement participants.

We, the undersigned charitable or philanthropic organizations support legislation that would amend federal securities laws to allow 403(b) plan sponsors to select CITs to level the playing field for 403(b) retirement plan participants. Nonprofit employees with 403(b) plans deserve access to the same investment options as 401(k) plans.

Sincerely,

American Heart Association
Council on Foundations
Habitat for Humanity
Independent Sector
Lutheran Services in America
National Council of Nonprofits
United Way Worldwide