

December 9, 2025

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

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

The Honorable French Hill
Chair
Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Scott, Chairman Hill, Ranking Member Warren, and Ranking Member Waters:

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 strongly encourage Congress to pass 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. Earlier this year, the House Financial Services Committee passed the Retirement Fairness for Charities and Educational Institutions Act (H.R. 1013), which would allow for CITs as an investment product in 403(b) plans. A companion bill in the Senate (S. 424) has broad bipartisan cosponsorship.

While our missions drive us to serve communities, our ability to make an impact depends on the dedicated employees who carry out those missions. Yet, attracting and retaining talent remains a longstanding challenge for nonprofit organizations. One important employee benefit is a strong and robust retirement plan. Nearly 15 million active, retired, or separated 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
Chorus America
Council on Foundations
Habitat for Humanity International
Independent Sector
Lutheran Services in America
Meals on Wheels America
National Council of Nonprofits
United Way Worldwide
YMCA of the USA

CC: The Honorable John Thune, Senate Majority Leader
The Honorable Mike Johnson, Speaker of the House
The Honorable Charles Schumer, Senate Minority Leader
The Honorable Hakeem Jeffries, House Minority Leader