DCALTA
10 YEARS | Defined Contribution Alternatives Association

December 4, 2025

By Electronic Delivery

Chairman French Hill
House Financial Services Committee
2129 Rayburn House Office Building
Washington, DC 20515

Re: Incentivizing New Ventures and Economic Strength Through Capital Formation Act of 2025 (the "INVEST Act")

We write in support of the Rules Committee's print of the INVEST Act which would strengthen public and private markets by increasing investor access and facilitating capital formation. We are encouraged by the INVEST Act's language which would provide retirement vehicles with greater access to private markets. While we would encourage Congress to take additional steps, the INVEST Act is an important step.

The Defined Contribution Alternatives Association ("DCALTA") advocates on behalf of plan sponsors, plan fiduciaries, asset servicers, investment managers, and others within the retirement industry who believe that alternative investments provide benefits to retirement savers. DCALTA was created to raise awareness about the benefits of expanding the opportunity set of investments available to defined contribution plans to include alternative investments. Through its education, outreach, research, and advocacy efforts, DCALTA is committed to securing optimal retirement outcomes for plan participants. The continually evolving regulatory environment and innovations in investment products and methods have changed the operational landscape for plan fiduciaries and investors. Alternative investments, including hedge funds, real estate, and private equity, can be used in professionally managed multi-asset portfolios and other structures to minimize participant risk and maximize returns. DCALTA has a strong interest in the emergence of modernizing solutions that adequately respond to market developments and broaden the opportunity set of investments available to plan participants within the context of sound decision-making by investment fiduciaries.

Expanding access to private markets would benefit Americans saving for retirement. Research indicates that defined contribution portfolios tend to underperform defined benefit portfolios because they often underweight alternative assets.[1] This conclusion was recently reaffirmed in Georgetown University Center for Retirement Initiatives' study, "*Has the Lack of Asset Diversification in DC Retirement Plans Been a Costly Missed Opportunity?*" The study showed that between 2011 and 2020, 401(k) plan participants could have increased annual returns after taking fees into account by approximately 0.15% per year had they had access to private assets. By failing to capture this additional return, the U.S. system lags behind the United Kingdom and Australian systems. Both country's retirement systems encourage participants to allocate a

[1] Robert H. Caplan, "The Case for Liquid Alternatives in Defined-Contribution Plans." (April 1, 2015).

portion of their defined contribution assets to private markets. This has only happened as a result of policymaker encouragement.[2] Increasing the allocation of alternative assets within retirement saver portfolios will enhance risk-adjusted performance, reduce volatility, and provide plan participants with additional opportunities for risk and return.

The INVEST Act would allow 403(b) plans with custodial accounts to invest in CITs. This is the necessary final step for allowing 403(b) plans to invest in CITs as it would build on the SECURE 2.0's changes. By amending the Exchange Act to allow 403(b) plans to investment in asset vehicles like CITs, the INVEST Act helps streamline and equalize the development of investment options, making such vehicles available to private sector defined contribution plans and also public sector plans.

Second, we support the inclusion of language that expands the definition of "accredited investors". We applaud the INVEST Act's inclusion of the "Fair Investment Opportunities for Professional Experts" provision that help allow retirement savers who have investment expertise to invest in private funds.

Finally, we continue to encourage Congress to consider legislation like the Retirement Savings Modernization Act (RSMA), which was proposed in 2022 by Senators Pat Toomey and Tim Scott under the bill number S. 4973 and by Representative Peter Meijer as H.R. 9066. This legislation aimed to enhance the retirement security of 401(k) savers by granting them access to a broader spectrum of diversified and alternative investment options typically available to pension plan beneficiaries. The RSMA would help to reduce the litigation risk that innovative plan fiduciaries face today. That litigation risk has stunted the development of modern investment products where a professional asset allocator would typically include private asset classes.

The INVEST Act is an important step towards diversifying the investment of Main Street investors while still ensuring that they have sufficient protections. Congress should enact the INVEST Act and continue its important work to ensure that savers, including retirement savers, have access to modern investments that can best support a dignified retirement.

Regards,

Jon Epstein

Jonathan Epstein
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[2] In Australia, their "2021 Your Future, Your Super" reforms encouraged the inclusion of private assets. In the United Kingdom, The Mansion House Compact and guidance from The Pensions Regulator have provided support.