**UNITED STATES SENATE**

**COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS**

**HEARING TITLE:**

# EMPOWERING MAIN STREET BY UNLOCKING ACCESS TO CAPITAL

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**STATEMENT FOR THE RECORD**


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Chairman Scott, Ranking Member Warren, Senator Britt, Senator Warnock, and members of the Senate Committee on Banking, Housing, and Urban Affairs, thank you for the opportunity to submit this statement for the record. I am Wayne Chopus, President and CEO of the Insured Retirement Institute (IRI). IRI appreciates the Committee's consideration of the *Retirement Fairness for Charities and Educational Institutions Act* as part of its work on capital formation legislation.

Modernizing federal securities laws governing 403(b) plans advances capital formation by allowing millions of retirement savers to access the same institutional investment vehicles available through other employer-sponsored retirement plans, including cost-effective collective investment trusts and nonregistered insurance company separate accounts that can provide protected, guaranteed lifetime income.

**<u>Outdated Securities Laws Disadvantage 403(b) Plan Participants</u>**

More than 10 million Americans participating in 403(b) plans[1]—including teachers, healthcare workers, nonprofit employees, and charitable organization staff—continue to face outdated federal securities law barriers that prevent them from accessing the same low-cost institutional investment and protected lifetime income solutions available through 401(k) plans, governmental 457(b) plans, and the federal Thrift Savings Plan.

Retirement savers participating in 401(k), 457(b) plans, and the Thrift Savings Plan (TSP) have access to cost-effective collective investment trusts (CITs) and nonregistered insurance company separate accounts. CITs now account for approximately 37 percent of assets held in 401(k) plans[2], demonstrating their broad acceptance, cost efficiency, and value to retirement savers. These solutions offer retirement savers employed by taxable companies, state and local governments, and the federal government the ability to access low-cost solutions that preserve principal and provide protected, guaranteed lifetime income.

The *Investment Company Act of 1940*, the *Securities Act of 1933*, and the *Securities Exchange Act of 1934* currently provide exemptions that authorize these plan and other plan types to utilize CITs and nonregistered insurance company separate accounts. These exemptions, however, do not apply to 403(b) plans due in large part to 403(b) plans historically being offered as "retail" products sold directly to retirement savers at applicable organizations. However, since the creation of 403(b) plans, changes in the law and marketplace practices have transformed

[1] *Private Pension Plan Bulletin Historical Tables and Graphs: 1975–2023*, U.S. Department of Labor, Employee Benefits Security Administration, September 2025.
[2] *2026 Investment Company Fact Book: A Review of Trends and Activities in the Investment Company Industry*, Investment Company Institute, April 2026.

them into "institutional arrangements," with employers sponsoring and selecting the plan, investment professionals establishing plan investment menus, and investor protections in place.

While these changes have made 403(b) plans similar to 401(k) plans and other retirement vehicles, an antiquated view of 403(b) plans remains and has created disparity between retirement plan participants and their opportunities to access CITs and nonregistered separate accounts as investments.

**Completing Unfinished Provisions of SECURE 2.0**

Congress addressed part of this issue in the *SECURE 2.0 Act* by amending the *Internal Revenue Code* to permit the use of collective investment trusts and insurance company separate accounts in 403(b) plans. However, because corresponding changes to federal securities laws were not enacted, that reform remains incomplete. This legislation completes the reforms Congress began in SECURE 2.0.

**Conclusion**

Expanding opportunities to save for retirement through employer-sponsored retirement savings plans and increasing access to lifetime income solutions are among IRI's highest public policy priorities. These solutions help retirement plan participants convert their accumulated savings into protected, guaranteed lifetime income that can provide financial security throughout retirement.

IRI's 2026 Federal Retirement Security Blueprint[3] supports the enactment of legislation to amend securities laws to authorize the use of CITs and nonregistered insurance company separate accounts within 403(b) retirement plans. The Blueprint strongly supports establishing parity through the enactment of amendments to federal securities law that will place those saving for retirement through a 403(b) retirement plan on a level playing field with participants in all other employer-sponsored retirement plans. Therefore, IRI is pleased to express its strong support for enacting this bill.

As Congress considers this legislation, IRI welcomes the opportunity to work with you and your staff to establish parity for teachers, hospital employees, and employees of charities and other nonprofit organizations by providing access to the same cost-effective investment options and opportunities to generate protected, guaranteed lifetime income available through other employer-sponsored retirement plans. IRI respectfully requests the Committee's favorable consideration of this legislation.

[3] *2026 IRI Federal Retirement Security Blueprint*, Insured Retirement Institute, March 2026.