UNITED STATES HOUSE COMMITTEE ON
FINANCIAL SERVICES
CHAIRMAN FRENCH HILL

Retirement Fairness for Charities and Educational Institutions Act

H.R. 1013, the *Retirement Fairness for Charities and Educational Institutions Act*, sponsored by Representative Frank Lucas (R-OK), allows 403(b) retirement plans used by teachers, healthcare workers, and nonprofit employees to offer certain cost-effective investment options already available through 401(k) plans. By removing outdated regulatory barriers, the legislation expands retirement investment options, promotes competition, and gives hardworking Americans more opportunities to grow their retirement savings.

Why Is Retirement Plan Reform Needed?

- Millions of Americans working in public schools, hospitals, charities, and other nonprofit organizations rely on 403(b) plans to save for retirement.
- Unlike 401(k) plans, 403(b) plans face outdated restrictions that limit access to certain lower-cost investment options, including collective investment trusts (CITs) and unregistered insurance company separate accounts.
- These investment products are already available in other retirement plans, including the federal Thrift Savings Plan used by federal employees.
- Congress took an important step through the *SECURE 2.0 Act of 2022* by addressing barriers in the tax code, but additional changes to federal securities laws are needed to fully close the gap.

H.R. 1013 Expands Retirement Investment Options and Promotes Lower Costs

- Allows qualifying 403(b) retirement plans to offer certain investment products already available to 401(k) participants and other retirement savers.
- Removes regulatory barriers to CITs and unregistered insurance company separate accounts, giving employers more flexibility to offer diversified retirement investment options.
- Expands access to potentially lower-cost investment products, helping retirement savers keep more of their hard-earned money invested for the future.
- Makes the necessary changes to federal securities laws to build on previously enacted retirement reforms.

H.R. 1013 Maintains Strong Investor Protections

- Preserves applicable federal and state regulatory oversight of CITs and insurance company separate accounts.
- Requires qualifying 403(b) plans to be subject to *Employee Retirement Income Security Act* (ERISA) fiduciary protections, have an employer agree to serve as a fiduciary for investment selection, or meet specified governmental-plan requirements.
- Requires investment alternatives offered through qualifying governmental plans to be reviewed and approved before being made available to participants.