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March 26, 2022

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
House Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Speaker Pelosi and Leader McCarthy:

The National Association of Government Defined Contribution Administrators (“NAGDCA”) writes in support of the *Securing a Strong Retirement Act of 2021* (H.R. 2954, the “Act”). The Act would improve retirement security for the millions of public sector employees and retirees. Although we are disappointed that the Act no longer includes the proposal to help reduce fees for teachers and other participants in 403(b) plans, we are hopeful that this omission can be corrected after passage.

Among its members, NAGDCA proudly counts 220 plan sponsors representing 7,000 governments in 48 states. Participants come from every level of state, territorial, and local government, including counties, cities, public safety agencies, school districts, transportation, and utilities. NAGDCA’s members administer governmental deferred compensation and defined contribution plans, including Section 457(b), 401(k), 401(a), and 403(b) plans. The association provides a forum for working together to improve defined contribution plan operations and outcomes by sharing information on investments, marketing, administration, and the federal laws and regulations governing these plans.

NAGDCA appreciates the many provisions in the Act pertaining to governmental defined contribution plans. These provisions will improve plan administration and will help plan administrators better serve plan participants. For example, the Act would permit 403(b) plan sponsors to utilize Pooled Employer Plans (section 110) and eliminate the “first day of the month” requirement for governmental 457 plans (section 309).

That said, we are disappointed that, unlike the carefully crafted version of the legislation approved by the Ways and Means Committee, the Act does not permit 403(b) plans to reduce fees by investing in collective investment trusts (“CITs”). Every other type of defined contribution plan is permitted to invest in CITs, which often have lower fees than retail investments. By denying this advantage to 403(b) plans, many of the workers who are the backbone of our society – teachers, healthcare workers, and other public servants – will pay unnecessarily high fees, making their financial future less certain.



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Overall, we appreciate the bipartisan effort to improve retirement security by passing the Act, and we believe that, on balance, the Act will improve the public retirement system. However, we encourage lawmakers to reconsider the omission of the provision to permit 403(b) plan investment in CITs.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Petersen", is written over a light grey horizontal line.

Matthew Petersen

NAGDCA Executive Director