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| Reliance Trust – Collective Investment Trust (CIT) Feature  **Enhancing 403(b) Plans through the Integration of Collective Investment Trusts**  **Intro:**  The investment landscape is witnessing a potential paradigm shift as policymakers consider opening the gates for Collective Investment Trusts (CITs) to penetrate the 403(b) market. 403(b) plans, primarily utilized by employees of public schools, tax-exempt organizations, and certain ministers, have traditionally been limited in their investment vehicles. This policy change could redefine the retirement investing landscape, bringing an array of benefits that could significantly improve investor outcomes.  Potential Benefits of CITs in the 403(b) Market:   1. **Lower Costs:** CITs are renowned for their cost-effectiveness. Without the need for advertising or significant public reporting, they can avoid various operational costs that are typically associated with mutual funds. This efficiency can lead to lower fees for investors, enhancing their net returns and ultimately leading to potentially larger retirement savings. 2. **Greater Investment Diversity:** With the ability to pool assets from various accounts, CITs create a larger, more diverse portfolio. This could provide 403(b) investors with a broader range of investment options, opening new avenues for diversification and the potential for improved risk-adjusted returns. 3. **Flexible Investment Strategies:** CITs often have the capability to implement sophisticated investment strategies that may not be as easily replicated in mutual funds. This flexibility allows for customization according to the needs and risk tolerance of the plan participants. 4. **Institutional Quality Management:** Given their structure, CITs often leverage institutional quality asset managers. This means plan participants could gain access to high-level, institutional-grade expertise and strategies that are typically only available to larger-scale investors.   Considerations:  The inclusion of CITs in the 403(b) market, while promising, is not without considerations. CITs are subject to different regulatory oversight than mutual funds, falling under the jurisdiction of the Office of the Comptroller of the Currency (OCC) and state banking laws, rather than the Securities and Exchange Commission (SEC). Consequently, due diligence, transparency, and effective communication will be paramount in integrating CITs into the 403(b) landscape.  The potential policy change to allow CITs in 403(b) plans signifies an exciting development in retirement investing. This change could democratize access to lower cost, institutional-grade investment options for a broader range of investors, ultimately promoting financial security in retirement. As this unfolds, our trust company stands prepared to support 403(b) plan sponsors and participants, providing high-quality CITs to meet their investment needs. |

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