RETIREMENT RESEARCH CENTER
A DCIIA ORGANIZATION

A Look Ahead: The Future of Collective Investment Trusts

September 2025

EXECUTIVE SUMMARY

The Defined Contribution Institutional Investment Association's (DCIIA) Retirement Research Center (RRC) conducted qualitative and quantitative research studies from mid-2024 to early 2025 to assess the current state and future trajectory of collective investment trusts (CITs) in the defined contribution (DC) marketplace. Three sets of sources were leveraged to inform this paper:

- **DCIIA RRC 2024 CIT Survey**: A targeted survey gathered insights on key benefits, obstacles, market size variations, and anticipated innovations in CITs. A total of 95 industry professionals participated across recordkeepers/trustees, investment managers, consultants, and advisors.
- **Industry Interviews**: Qualitative insights were gleaned from 16 in-depth interviews to explore CIT demand, benefits, challenges, and innovation within DC plans.
- **Additional Expertise**: Several RRC partners contributed information, research, and insights, including Escalent, Morningstar, and Cerulli.

Key Findings

- **Cost savings is the primary driver of CIT uptake.**
  - Most all respondents to our survey (96%) and 85% of respondents to the Escalent survey indicated as such.
  - In working with Morningstar, we quantified the fact that for active investment strategies often used in DC plans, the average expense ratio for collective funds is notably less than the average expense ratio for mutual funds.
- **CITs are viewed as the platform for innovation by industry stakeholders.**
  - Expanded use of CITs within DC plans to deliver alternative investments, such as private equity, private real estate, and private credit is supported by recent regulatory momentum including a White House executive order aimed at democratizing access to alternative investments.
  - Retirement Income solutions also represent a growth frontier for CITs as unlike mutual funds, they can accommodate insurance-based products such as annuities that might be used as part of a target date fund series or managed account for the purposes of decumulation.

- **CIT adoption is expected to accelerate.**
  - Three quarters of our survey respondents expect that mid-sized plans will be a major driver of CIT growth in the next 18 months. About half expect smaller plans to increase their uptake of CITs within the same period.
  - Multiple employer plans (MEPs) and pooled employer plans (PEPs) are also emerging as key growth channels, leveraging their pooled assets to take advantage of negotiated pricing, which is common with CITs.
  - Survey respondents overwhelmingly expect regulatory changes to enable 403(b) plans to invest in CITs, thereby unlocking access to millions of participants in tax-exempt organizations.

- **There is a need for further transparency and education.**
  - The industry is addressing the obstacle of limited consumer-facing information on CITs.
  - In terms of education, smaller plans, in particular, seem to need more information on CIT structures and how they work.

In sum, our research shows that CITs are poised to play a central role in the next phase of DC plan evolution. Their cost advantages and capacity to deliver innovative investment and income solutions position them as a preferred vehicle for plan sponsors seeking to enhance participant outcomes.

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- PIMCO
- Reliance Trust Company
- SEI
- State Street Global Advisors
- T. Rowe Price
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** Some firms not listed per their request*

ABOUT THE DCIIA RRC

DCIIA's Retirement Research Center conducts rigorous, industry-informed research that is grounded in a practical approach focused on actionable insights. We adhere to a disciplined research methodology, governance and validation process. Our goal is to serve the industry as a reliable, unbiased, and authoritative research resource supporting improved retirement security–be it through plan design, institutional practices, investment solutions, or behavioral interventions.

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ABOUT DCIIA

The Defined Contribution Institutional Investment Association (DCIIA) is a nonprofit association that brings together constituents across the financial ecosystem to help America's workforce save for retirement and achieve broader financial security. DCIIA's 300+ member organizations include investment managers, consultants and advisors, law firms, recordkeepers, insurance companies, data providers, plan sponsors (through the Plan Sponsor Institute) and others who are collectively committed to the best interests of America's workforce. For more information, visit: www.dciia.org.

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