

RETIREMENT PLANNING

DC Plans at inflection point: Natixis' Liana Wagner on how CITs are reshaping retirement

BY STEVE RANDALL

The defined contribution market is entering what some see as another period of gradual evolution, but according to Liana Wagner, 2026 represents something more significant, a structural turning point.

Wagner is head of US Retirement and Institutional for Natixis Investment Managers and tells InvestmentNews that this moment stands apart from prior cycles of innovation or stagnation due to two converging forces.

"This moment is different as a result of two structural shifts: legislative momentum to allow CITs in 403(b) plans and clarified fiduciary guidance on alternatives," she says. "Today, we're talking about changes that have the potential to alter cost structures, expand investment universes, and demand strong governance models. That combination signals a true inflection point rather than another cycle of modest enhancements."

At the center of the legislative momentum is the House passage of the INVEST Act, which would allow 403(b) plans to invest in collective investment trusts (CITs). For a market historically dominated by mutual funds and insurance-based products, the implications are significant.

"CITs bring institutional pricing advantages and operational flexibility



From CIT access in 403(b) plans to alternative investments and tougher fiduciary expectations, retirement head sees a true inflection point for DC plans.

relative to mutual funds," Wagner explains. "For 403(b) plans, which are not currently eligible to invest in CITs, this could mean significant fee reductions and transfers of assets among vehicles and potentially investment strategies."

Lower fees may sound incremental, but Wagner emphasizes their compounding effect over time.

"Savings from lower costs compound over decades, translating into higher balances and improved retirement readiness for participants," she says. "In short, the INVEST Act opens the door to a more equitable system where

educators and nonprofit employees can access the same efficiencies as corporate plan participants."

Despite those advantages, adoption of CITs in the 403(b) market has been slow. Wagner notes that real barriers remain including legislative, operational, cultural and regulatory.

"First and foremost, the 403(b) market requires legislation and amendments to securities law for 403(b) plans to be able to invest in CIT vehicles," she says. "Sponsors must evaluate whether a lower cost CIT vehicle is currently available for the investment strategies

offered within the Plan's investment lineup and whether they have resources available to implement the change."

She adds that "investment in a CIT requires legal resources to review and execute the appropriate, plan-specific paperwork," and that "recordkeepers must be ready to implement the investment vehicle changes within the plan, including participant education and notification."

Magner says that many 403(b) sponsors have long relied on insurance-based products and moving to CITs requires education and a mindset shift toward institutional best practices. She also points out that participants and sponsors are accustomed to mutual fund-style reporting.

"There are differences with CIT reporting, both on fact sheets and on website, to which plan sponsors and participants would need to adapt," she says.

Finally, the regulatory framework itself can be unfamiliar territory. "The CIT regulatory regime is different than that of mutual funds. Plan Sponsors would have to become familiar with this, and comfortable with the differences," she says.

At the same time as CIT legislation advances, fiduciary guidance around alternative assets in DC plans has also evolved. An executive order in August 2025 clarified the framework for including alternatives in defined contribution lineups. Magner believes the clarification matters — but not because it lowers the bar.

"It's meaningful because further clarification reduces ambiguity," she says. "Sponsors now have a clearer framework for including alternatives within diversified portfolios, provided they meet prudence and participant best-interest standards." However, she stresses that responsibility increases, not decreases. "It doesn't lower the fiduciary bar—it raises it. Sponsors must demonstrate rigorous due diligence, cost-benefit analysis, and a focus on participant education. The door is open wider, but responsibility remains high."

Alternatives and complexity

Alternatives bring promise but also complexity, particularly in a participant-directed environment. Magner points to private real estate as today's most established option.

"Today, private real estate is the most commonly used private market alternative strategy within DC plans," she says. She sees other private market strategies potentially playing a role as well. "Other strategies that complement traditional equity and fixed income, such as infrastructure, private credit and private equity, may also be deemed suitable."

Implementation, however, must be carefully structured. "Responsible implementation means incorporating alternatives within professionally managed structures like target-date funds and/or managed accounts, and at the current time, not making them available as standalone investment options," she says. Liquidity and cost require close attention. "Consideration should be given to liquidity management, fees and increased complexity. Right sizing the allocations is important to ensure sufficient liquidity and to mitigate the impact of higher cost structures."

Magner also highlights the operational demands. "Implementing alternatives can add a layer of complexity in areas such as operations, due diligence, participant education, and regulatory compliance," she notes. "Plan sponsors should work with experienced advisors, consultants, and plan administrators for effective management of alternative allocations." And above all, communication matters: "Education is critical: participants should understand the role these assets play without being overwhelmed by complexity."

Both CIT adoption and alternative investment integration ultimately require a shift in how plans are governed. For Magner, success hinges on sponsors embracing a more institutional mindset.

"Sponsors must embrace a more in-

stitutional approach to governance," she says. She outlines what that looks like in practice. "A strong governance framework is built on a prudent process that includes establishing a fiduciary calendar to ensure that fiduciary obligations are met on an ongoing basis." She adds that sponsors need "enhanced education and investment expertise to evaluate alternative investment strategies and vehicles, and if and where they may be appropriate for inclusion within a plan," as well as "robust operational controls for CIT administration and alternative allocations."

Communication is key

"Proactive communication strategies to build participant trust" are essential, Magner says. And ultimately, sponsors must reframe their mindset. "It's about shifting from a compliance-driven mindset to one focused both on compliance, as well as long-term investor outcomes."

Whether the current developments amount to incremental change or a true turning point will become clear in the next few years. Magner points to three key signals plan sponsors should monitor.

"Legislative follow-through: Senate action on the INVEST Act and related regulations," she says. Next, "adoption trends: Growth in CIT usage within 403(b) plans and inclusion of alternatives in target-date funds and/or managed account portfolios." And finally, the most important metric of all: "Participant outcomes: Evidence that these innovations deliver measurable improvements in retirement readiness."

If those indicators align, the DC system may indeed be entering a new era defined by lower costs, broader investment opportunity, stronger governance and a sharper focus on participant outcomes. As Magner sums up across her remarks, the tools are evolving, the rules are clarifying, and the responsibility on plan sponsors is only increasing. The question now is whether the industry rises to meet the moment.

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