



December 2, 2025

The Honorable Tim Walberg
Chair
Committee on Education & Workforce
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, DC 20515

The Honorable Bobby Scott
Ranking Member
Committee on Education & Workforce
U.S. House of Representatives
2328 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Walberg and Ranking Member Scott:

Thank you for holding today's hearing, "Pension Predators: Stopping Class Action Abuse Against Workers' Retirement". The Institute for Portfolio Alternatives (the "IPA")¹ appreciates the chance to provide comments on the need for litigation reform and to enhance pleading standards, which would ensure retirement plans can prudently consider all asset classes, including private market and alternative investments.

The IPA supports policies that strengthen pleading standards to curb meritless lawsuits while preserving the ability to raise legitimate claims. These reforms are essential to restoring fiduciaries' confidence in making prudent, long-term investment decisions in the best interest of retirement savers.

Litigation plays a critical role when grounded in merit. It can correct injustices, strengthen public policy and improve outcomes for workers and retirees. Yet in recent years, defined contribution plans and their fiduciaries have faced a surge of frivolous, copy-and-paste lawsuits. These meritless claims undermine the very purpose of the *Employee Retirement Income Security Act of 1974* ("ERISA"), which grants fiduciaries broad discretion and establishes high standards of prudence and loyalty.

¹ For more than 40 years, the IPA has served as the leading voice for global asset managers, distributors and service providers in the private markets and alternative investment industry. We deliver best-in-class education for practitioners and champion policies that expand investor access to wealth-building private market strategies, including real estate, credit, infrastructure, private equity and venture capital, among other asset classes. These investments offer lower correlation to public markets, strengthen retirement outcomes and enhance portfolio diversification while operating within robust investor-protection standards. Over the past 25 years, private market and alternative investments have driven more than \$1 trillion in capital formation, playing a critical role in fueling national and local economic growth.



The consequences are significant, and baseless litigation has a paralyzing effect: it limits fiduciaries' ability to consider proven alternative investments, even when doing so is in the best interest of participants. This restricts access to wealth-building opportunities, raises costs for savers, reduces employers' ability to make matching contributions and ultimately weakens retirement outcomes for tens of millions of Americans who participate in defined contribution plans.

The IPA Strongly Supports the Administration's August 7, 2025, Executive Order, *Democratizing Access to Alternative Assets for 401(k) Investors*

The Executive Order states that "every American preparing for retirement should have access to funds that include investments in alternatives." It directs both the Department of Labor (the "Department") and the Securities and Exchange Commission (the "Commission") to evaluate current rules and advance regulatory changes that expand these opportunities.²

Importantly, the Executive Order instructs regulators to "prioritize actions that may curb ERISA litigation that constrains fiduciaries' ability to apply their best judgment in offering investment opportunities to" retirement plan participants.

America's pension plans demonstrate what is possible when prudent fiduciaries can operate without the constant threat of frivolous litigation. Pensions, unlike defined contribution plans, have long benefited from access to private equity, private credit, real estate, infrastructure and other private market strategies. When appropriately structured and overseen, these asset classes enhance diversification, reduce volatility, and strengthen long-term returns.³

But pensions are a shrinking part of America's retirement landscape, steadily giving way to defined contribution plans that rarely offer meaningful access to private market investments. As a result, most savers are limited to public-market-only portfolios, even as private equity, private credit, real estate and infrastructure have become essential drivers of institutional returns. With the majority of retirement contributions now flowing into defined contribution plans, expanding responsible access to private market strategies is critical to improving outcomes for workers across the economy.

² Executive Order "Democratizing Access to Alternative Assets for 401(k) Investors": Available at <https://www.whitehouse.gov/presidential-actions/2025/08/democratizing-access-to-alternative-assets-for-401kinvestors/>. (August 2025).

³ [Has the Lack of Asset Diversification in DC Retirement Plans Been a Costly Missed Opportunity?](#) The Georgetown University Center for Retirement Initiatives. (June 2023).

Private market and alternative investments offer clear advantages for retirement savers with long time-horizons, including:

- Exposure to high-growth sectors that are increasingly absent from traditional public equity markets, as fewer companies are going public.⁴
- Historically higher risk-adjusted returns and lower volatility compared with investments tied to public markets.⁵
- Improved retirement income, with studies indicating that incorporating private equity into target-date funds can increase income in retirement by up to 19 percent.⁶
- Expanded access to institutional-level opportunities, helping close the gap between what pension participants and individual savers can achieve.

Despite these benefits, meritless litigation continues to restrict the investment options available in defined contribution plans, perpetuating an inequitable system in which pension beneficiaries enjoy greater diversification and more stable retirement security than workers relying on 401(k)s and other defined contribution plans.

The IPA looks forward to continued engagement with Congress, the Department and the Commission to advance thoughtful policies, including litigation reform, that support fiduciaries, expand access to private market opportunities and improve retirement outcomes for all Americans.

Thank you for considering IPA's comments on this important hearing. We are grateful for your efforts to strengthen America's economy and our retirement system. Please contact Jeff Evans, IPA head of government affairs, at jevans@ipa.com if you or your staff have questions.

Sincerely,



Anya Coverman
President & CEO

⁴ [The Shrinking Public Market: What Investors Need to Know](#), WTW Insights (Feb. 17, 2025).

⁵ [Private Equity's Fast Lane to 401\(k\)s](#), 401KSpecialist (June 2025).

⁶ [How Might Investing in Private Equity Funds Affect Retirement Savings Accounts?](#), The Urban Institute (August 2021).