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Trump’s Executive Order Expands 401(k) Investment Options to Include Cryptocurrency and Private Assets

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President Donald Trump signed an executive order on Thursday that directs key agencies to update regulations, allowing Americans to invest their 401(k) retirement savings in alternative assets such as cryptocurrency, private equity, and real estate. This marks a significant shift in the retirement investment landscape, opening the door to a broader range of options beyond traditional stocks and bonds.

The order instructs the Securities and Exchange Commission (SEC), the Department of Labor (DOL), and the Treasury Department to revise existing rules to facilitate access to these alternative investments within retirement accounts. The move is expected to provide alternative asset managers with access to a substantial new pool of retirement funds. However, some experts have expressed caution, highlighting potential risks to retirees’ savings.

Ted Rossman, senior industry analyst at Bankrate, told ABC News that adoption of these changes may be gradual. “It’s going to be slow going,” Rossman said. “Many providers are hesitant to be early adopters due to concerns about costs and potential legal issues.” He added that for average investors, index funds typically remain the safer and more straightforward choice. “If you want to have a small part of your portfolio in crypto, that could make sense,” Rossman noted. “Generally speaking, index funds are the best way to go for the average person. Just kind of keep it simple, match the market over time, get low fees.”

Vanguard, a leading retirement plan provider, acknowledged the potential benefits of including private assets in retirement portfolios. The company told ABC News that these assets could offer broader diversification and the potential for higher returns for investors with the appropriate risk tolerance and long-term outlook. Vanguard emphasised the importance of educating retirement investors on the risks and opportunities presented by private asset investments.

On the same day as the executive order, President Trump also announced new trade tariffs affecting over 90 trading partners. These tariffs impose taxes ranging from 15% to 41%, with most imported goods subject to at least a 10% tariff. The administration also signalled possible future tariffs targeting specific products, including pharmaceuticals, lumber, and semiconductors.

So far, retailers have absorbed most of the increased costs, avoiding immediate price hikes for consumers, Rossman explained. However, the National Retail Federation cautioned that continuing to bear these costs could force retailers to scale back investments in employees and growth initiatives.

The combination of expanded retirement investment options and escalating trade tariffs has prompted investors and businesses alike to adapt to a changing economic environment. As Rossman suggested, more adjustments in policy and market responses may be forthcoming, making it essential for Americans to stay informed about how these developments could affect their financial futures.