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Trump Expands 401(k) Options to Include Private Equity and Cryptocurrency.

August 9, 2025

– Categories: *Crypto*



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NEW YORK, President Donald Trump signed an executive order Thursday that could allow millions of Americans to invest their 401(k) retirement savings in higher-risk assets such as private equity and cryptocurrencies. This move aims to broaden investment choices within retirement plans, potentially unlocking access to trillions of dollars in private markets and digital currencies.

While no immediate changes will occur for current 401(k) investors, the executive order directs federal agencies, including the Labor Department, to reconsider and update regulations defining qualified retirement investments. These changes will require months to implement, after which employers could offer a wider range of funds, including private equity, real estate, and cryptocurrencies, alongside traditional stocks and bonds.

Currently, 401(k) plans primarily consist of stock and bond mutual funds, guided by the Employee Retirement Income Security Act (ERISA) of 1974. ERISA mandates that employers select retirement investments in the best interest of employees, generally favoring lower-risk and more liquid assets.

This executive order responds to longstanding demands from the \$5 trillion private equity industry, which has sought entry into the retirement savings market for years. Private equity firms traditionally depend on high-net-worth investors and institutional funds, but access to 401(k) assets would significantly expand their capital base.

Cryptocurrency companies, which notably supported Trump's 2024 campaign, also stand to benefit. Bitcoin and other digital assets have drawn particular interest among younger Americans, despite their high volatility. Bitcoin's price has roughly doubled since Trump's election, with a 2% gain noted on Thursday to around \$116,542.

Under the previous Biden administration, regulators maintained a cautious stance on cryptocurrency due to its price swings, which can reach double digits in a single day. The new directive signals a shift toward broader acceptance of crypto within regulated retirement accounts.

In a recent interview with Cory Klippsten, CEO of Swan Bitcoin, he remarked, "It was inevitable that bitcoin would make its way into American 401(k)s. As fiduciaries recognize Bitcoin's long-term risk-adjusted returns, allocations will grow, especially among younger, tech-savvy workers seeking a stable store of value."

Private equity's CEO leaders have expressed enthusiasm about this development. Steve Schwarzman, head of Blackstone, has described the opportunity to tap into 401(k) funds as a "dream" for the industry. While private equity investments carry higher risk and are less liquid compared to typical mutual funds, supporters argue they offer potential for greater returns over long periods.

Previous administrations, both Republican and Democratic, have generally excluded private equity from 401(k) options due to these risks. However, the Trump administration's executive order represents a significant policy shift toward expanding investment choices for American workers.

The process to implement these changes will involve regulatory rewrites, so it could take several months or longer before new investment options become widely available in workplace retirement plans.