

Trump Order May Add Crypto to 401(k)s

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A new executive order signed by President Donald Trump could pave the way for retirement investors to include cryptocurrency as part of their 401(k) plans, potentially expanding the range of investment choices for millions of Americans.

The policy change would require the Department of Labor to broaden the definition of acceptable asset classes within retirement accounts. Currently, 401(k) plans typically include conventional assets such as stocks, bonds, and mutual funds. But this order could

introduce alternatives like private equity and digital currencies, offering plan sponsors greater flexibility to customize investment menus.

“This may allow a plan sponsor to include some of these riskier asset classes in the 401(k),” said Barry Glassman, president of Glassman Wealth Services, based in Virginia. He explained that cryptocurrencies and private equity have historically been excluded from retirement accounts due to their volatility and lack of long-term track records.

According to Glassman, the executive order signals a significant policy shift. While many 401(k) portfolios have long been structured around asset classes like large-cap stocks and fixed income, few have ventured into the realm of decentralised digital assets.

“In the past, we’ve seen allocations to U.S. stocks, international equities, and some hedge fund-style strategies,” Glassman said. “But nothing as structurally different as cryptocurrency.”

Glassman emphasised that digital assets like Bitcoin should not be viewed in the same category as traditional securities. “It’s more similar to collectibles like gold, silver, or even fine wine,” he noted. “It’s not about company earnings or dividends, crypto operates on a completely different dynamic.”

Despite this distinction, one of the key advantages of cryptocurrency is its global accessibility. Unlike physical assets, digital currencies live on the blockchain, making them portable, borderless, and instantly transferable.

If crypto investment options are integrated into retirement accounts, Glassman believes major players like Bitcoin and Ethereum would likely be included, while speculative or unproven tokens, often referred to as “meme coins,” would be excluded.

Glassman expects younger investors, particularly those in their 20s and 30s, to be most receptive to the new options. Many of them have grown up using digital wallets, blockchain applications, and peer-to-peer finance platforms.

“They’re already familiar with crypto,” he explained. “For them, it makes sense that their retirement savings could include an asset they already trust and use.”

Another key consideration is the potential tax benefit. Within a 401(k), capital gains from the sale of crypto would not be taxed until funds are withdrawn during retirement, just like

stocks and mutual funds. This could provide a valuable incentive for long-term holders.

“If people invest in Bitcoin and it appreciates inside their 401(k), there’s no tax consequence until withdrawal,” Glassman said.

Despite the possible advantages, Glassman expressed concern that many investors might enter the market at the wrong time, particularly when cryptocurrency is trading near record highs. Timing, he warned, is crucial.

“My concern is that if crypto becomes available in 401(k)s today, many people might rush in without understanding the risk,” he said. “They’ll see recent gains and assume it will continue. But like any volatile asset, there’s a risk of sharp corrections.”

Glassman also pointed out that while interest in crypto has surged in recent years, only a small portion of total cryptocurrency holdings are currently inside retirement accounts. That may remain true even after policy changes.

“In my opinion, the amount of crypto held in retirement portfolios will still be small compared to non-retirement holdings,” he said.

While the executive order lays the groundwork, implementation will depend on how plan sponsors and financial institutions respond. They’ll need to weigh regulatory guidance, risk tolerance, and participant interest before rolling out crypto investment options.

If embraced, this change could represent one of the most significant overhauls of retirement investment strategy in decades. However, it will likely be adopted gradually, with institutional investors and fiduciaries closely monitoring the landscape.

For now, retirement savers interested in cryptocurrency may need to wait and see how the policy unfolds, but they should start preparing by understanding both the risks and potential rewards of digital assets.