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Trump Expands 401(k) to Crypto and Real Estate

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In a major policy shift, former U.S. President Donald Trump has signed an executive order allowing 401(k) retirement accounts to invest in cryptocurrencies, private equity, and real estate. The move opens up America's $12 trillion defined contribution market to alternative asset classes that have been traditionally excluded from mainstream retirement portfolios.

The order directs the U.S. Department of Labor to revise its guidance for employer-sponsored retirement plans and coordinate with the Treasury and Securities and Exchange Commission (SEC) on regulatory changes. The goal is to allow workers more flexibility in growing their retirement savings, although this approach has drawn criticism from financial watchdogs and legal experts.

According to a White House statement, the order aims to remove regulatory and legal roadblocks that limit asset diversification in retirement accounts. Trump described current restrictions as an outdated obstacle to growth, promising that the changes will bring freedom and fairness to American workers.

The order marks a sharp departure from the more cautious regulatory approach that previously discouraged volatile or opaque investments in 401(k)s. Under current rules, retirement plans tend to stick with publicly traded stocks and bonds, which are liquid and heavily regulated.

Asset managers like BlackRock and Apollo have long lobbied for access to retirement capital, and they're now gearing up to roll out new products. BlackRock has already announced a retirement fund set to launch next year, which will include private credit and equity.

Yet not everyone is convinced. Financial analysts and consumer advocates warn that these investment types, especially cryptocurrency, carry significant risks for ordinary investors. Illiquidity, lack of transparency, and high fees are major concerns. Crypto in particular has been plagued by fraud and dramatic price swings.

Opening up the 401(k) system to high-risk sectors like crypto could backfire, said Anil Khurana, executive director at Georgetown University's Baratta Center for Global Business. The average saver isn't equipped to evaluate these markets.

The Labor Department is expected to issue preliminary guidance by year's end. Any actual changes to plan offerings would likely roll out gradually, as retirement plan sponsors and employers adjust to new compliance frameworks.

In a separate executive order signed the same day, Trump also called for a federal investigation into the alleged debanking of conservatives and crypto companies. The directive instructs agencies to examine whether banks are denying services for political or reputational reasons, a claim often raised by crypto advocates and right-leaning investors.

Regulators have been given 120 days to report findings to the Department of Justice.

Trump's embrace of cryptocurrency has been a hallmark of his current political platform, contrasting with earlier skepticism when he described bitcoin as a scam. He has since launched his crypto venture and pledged to turn the U.S. into the crypto capital of the world.

While the full impact of the orders remains to be seen, they have already sparked strong reactions from both the financial industry and its critics. For retirement savers, the coming months may bring more investment options, along with a need for caution and clarity.