



The 401(k) executive order and what it means for managers, plan participants, advisers, and private markets



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Millions of 401k participants got one step closer to seeing private equity, real estate, or even crypto alongside their target date funds and equity accounts. In this article, we will explore how [the White House order to regulators](#) to expand the menu of 401(k) investments presents a huge opportunity for the industry, but also brings some huge operational demands on asset managers and advisers.

For plan participants, wealth managers, and advisers, the implications are far-reaching. Defined contribution plans now represent the largest pool of retirement savings in the U.S., with more than \$9 trillion in assets across 90 million participants. Opening these plans to alternatives introduces both opportunity and operational complexity.

Fiduciary management moves into new territory

Traditionally, plan participants built their businesses around defined benefit pensions, endowments, and sovereign wealth funds. Scale came from a relatively small number of very large clients. Defined contribution plans change that dynamic.

If alternatives are added to 401(k) menus, plan sponsors and advisers (who have a fiduciary duty to act in the best interest of participants) will need to evaluate, monitor, and report on these products for millions of everyday savers. That requires an operating model built for high-volume, small-ticket onboarding, transparent reporting, and clear investor education. Managers will also need to design products with liquidity and cost considerations in mind, since retirement investors, even though they might have to, generally cannot tolerate the same lockups as institutions.

Market opportunity and competition

The scale of this opportunity is significant. More than \$9 trillion is currently held in U.S. 401(k) accounts. Until now, only about 2.2% of those assets have had any exposure to alternatives¹. By comparison, Australia's defined contribution "superannuation" funds already hold close to 25% in alternatives².

For the private markets industry, the U.S. 401(k) channel represents a new distribution path beyond pensions and endowments. It could also intensify competition among plan providers. The top ten

¹ Plan Sponsor, [Ahead of Executive Order, What to Know About Private Equity in 401\(k\) Plans](#), July 2025

² Reserve Bank of Australia, [THE FUTURE SIZE OF THE SUPER SECTOR: EXTERNAL ESTIMATES](#)

defined contribution recordkeepers account for about 78% of total industry assets, led by Fidelity, Empower, and Vanguard. For asset managers, that concentration means scale will only be achieved by designing products these recordkeepers can support: with liquidity, reporting, and embedded education built in. Those that integrate alternatives in a retirement-appropriate way will be best positioned to differentiate themselves in a crowded market.

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Rising demand for private markets

The timing of this policy shift aligns with an already growing appetite for private markets. Globally, alternatives have been one of the fastest-growing asset classes, with compound annual growth rates well above traditional markets.

Companies are staying private for longer, and many of the largest value-creation stories now happen before IPO. Without access to private equity, venture capital, or private credit, retirement portfolios risk missing a major part of the modern economy. The executive order seeks to close that gap and bring everyday savers into the opportunity set.

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Lessons from other markets

Other regions provide useful reference points.

- In Australia, superannuation funds have built diversified alternative portfolios that now represent roughly a quarter of assets.
- In the UK, the Long-Term Asset Fund structure is designed to open private markets to retail investors in defined contribution schemes.
- In Europe, the ELTIF framework serves a similar purpose.
- In Hong Kong, the Mandatory Provident Fund has introduced private equity options and is moving to a digital platform to improve investor access.

Each of these examples shows that defined contribution investors can have exposure to alternatives, but that success depends on product design, liquidity planning, and investor communication.

Operational challenges for managers

Supporters of the new U.S. policy believe it could democratise access, giving savers more diversification and potentially stronger long-term returns. But success will depend on getting the details right.

Managers will need to address:

- Liquidity and redemption structures suited to retirement savers
- Transparent valuation and reporting standards
- Cost structures that can compete within the 401(k) framework
- Education resources for advisers and participants
- Technological infrastructure to handle high volume subscribers and redeemers for semi-liquid products

Meeting these expectations will not be simple. For the largest players, scale and resources make it easier, but for managers outside the top 20 in AUM they can be real barriers. The firms that use technology to scale onboarding, automate reporting, and work more closely with advisers will be best positioned to capture new allocations.

The role of advisers

Financial advisers and wealth managers will be critical in this transition. They already act as fiduciaries for individual clients and will be on the front-line helping investors navigate new choices inside their retirement accounts.

Advisers will also play a role in structuring portfolios. They can allocate across traditional and alternative options, explain liquidity trade-offs, and set expectations for long-term performance. To do that effectively, they need tools that connect them directly to asset managers while preserving their own client relationships.

Technology and investor experience

As retirement investors gain access to alternatives, their experience will be shaped by technology. Retail participants expect processes to be as fast and seamless as the digital services they use every day.

If investing in a private market product means logging into multiple systems, filling out long forms, or re-entering data, many will disengage. [Fragmented point solutions](#) also increase the risk of errors and create inconsistent experiences. In a retirement setting, where trust is crucial, this can deter investors from participating again.

One environment for onboarding, compliance checks, subscription processing, reporting, and ongoing communication ensures a consistent experience and reduces operational risk. It also makes it possible to scale from a few institutions to thousands of individual investors.

Fundraising and investor management at scale

In addition to its operational challenges, opening 401(k) plans to alternatives is a fundraising challenge. Managers will be engaging with thousands of investors at once rather than a handful of institutions. [That scale requires tools](#) to manage subscriptions, track commitments, and communicate performance across a far larger and more diverse base.

Investor management will move from quarterly calls with a few pension CIOs to ongoing engagement with advisers and retirement savers.

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Bite Stream was built with this in mind. Beyond onboarding and education, our platform equips managers to run fundraising campaigns, manage investor pipelines, and deliver clear, timely updates post-investment, without adding layers of complexity or cost. For firms looking to grow in the 401(k) channel, this means they can raise and manage capital efficiently while maintaining a consistent investor experience.

Preparing for the next phase

The 401(k) Trump executive order is one of the most significant developments in U.S. retirement investing in decades. It has the potential to exponentially speed up the shift of alternatives from a niche allocation to a mainstream option for millions of savers.

The winners will be the firms that act early, create retirement-ready products, partner with leading providers, and equip advisers with the tools they need to guide clients. Technology will be the enabler, making fiduciary management possible at scale and giving investors a seamless experience.

If your firm wants to position itself for the 401(k) alternative asset era, contact Bite Stream to see how we can support you as an extension of your team.



[Get in touch and schedule a demo to learn more about Bite Stream's features and find a solution that suits your needs.](#)

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