



## **FACT SHEET: Trump Administration Invites Risk to Retirement Plans with Introduction of Crypto to Investments**

**Background:** On March 30, 2026, the Department of Labor [proposed a rule](#) that increases risk for the average American with 401(k) retirement plans by lowering safeguards against investing in volatile alternative investments such as digital assets. The rule follows a 2025 executive order that broadened investment options in 401(k) plans to include cryptocurrency, private equity, and real estate.

### **The Proposed Rule: Fiduciary Duties in Selecting Designated Investment Alternatives**

Currently, retirement plan managers owe a duty to invest retirees' investments in a prudent fashion under ERISA. Failure to live up to this statutory standard creates liability for retirement plan fiduciaries who can be sued for including risky assets among investment options.

- The proposed rule seeks to loosen this standard and encourage investment in alternative investments like digital assets.
- The rule also purports to establish a six-factor process-based "safe harbor" that protects retirement plan managers, even if their actual decisions are risky.
- The proposed rule prevents employers from being held responsible if an investment goes bad as long as they follow the six-factor process.

### **Who benefits?**

- Not ordinary investors: private equity and cryptocurrency are highly volatile and pose serious risks to retirees who often have fixed incomes.
- Meanwhile, around [\\$1.8 billion](#) of President Trump's approximate \$6.5 billion net worth is tied to digital assets or companies in the digital asset industry.
- The president has a clear financial interest in decreasing barriers for plan managers to expand investment of digital assets in retirement plans which would increase the value of his holdings.

### **How this harms the public**

The proposed rule allows plan managers to [ignore their legal responsibility](#) to act in the best interest of their clients, especially when investing in riskier alternative assets. Cryptocurrency and private equity are hard to value and have a higher risk than traditional investment options.

The average worker does not have the knowledge to assess the risks and costs of alternative investments. The proposed rule knocks down guardrails that were set in place to protect the average saver.

### **Why this matters**

- The president's financial interests have fundamentally tainted this entire process.
- Democracy Defenders Fund is calling out this fatal flaw as undermining the rulemaking.

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