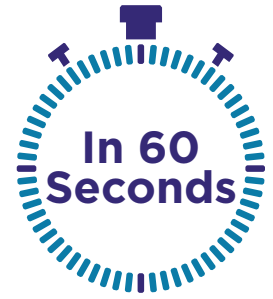


IndependentWomen® 401K Private Equity



What's at Stake

Retirement affordability is concerning, especially for seniors on fixed incomes. Millions of Americans depend on 401(k)s to save for retirement, yet many lack the same investment opportunities available to public pensions and wealthy investors.

Main Street investors need parity with public sector workers and wealthy investors.

- Most private-sector employees save for retirement through 401(k)s, which allow investments in companies listed on stock exchanges.
- However, more than 80% of companies with more than \$100 million in annual revenue are not on exchanges.
- The number of public companies decreased nearly by half over the past 30 years, leaving 401(k) savers with shrinking investment options.
- Wealthy Americans and public pensions have long invested in private equity (e.g., private investment ownership), private credit, real estate, and infrastructure.

Many Americans miss out on thriving investments. All workers should enjoy the same freedom and choices in retirement planning.

The Way Forward

New federal action could expand retirement investment options for millions of Americans. The Department of Labor under the Trump administration is creating a rule to clarify and broaden access to private-market investments within 401(k) plans.

Private equity and private credit have strengthened public pensions for decades through strong returns through investment ownership (giving strong returns through equity growth) and debt structures (e.g., credit lending offering stable payments).

Long-term data show private equity has outperformed public markets across multiple time horizons, while private credit has delivered consistent returns with lower volatility and default rates. Polling shows strong public support for expanding access, with majorities saying private investments can help workers build wealth.

As public markets become more concentrated and business growth occurs privately, expanding 401(k) access to private investments could improve diversification for Main Street investors, increase opportunity to expand business ownership, and strengthen retirement outcomes for millions of Americans.

Addressing Misperceptions

MISPERCEPTIONS	REALITY
<p>Including private market investments in retirement accounts creates inferior performance compared to stocks, hurting hardworking Americans.</p>	<p>Adding private markets to 401(k)s delivers less risk by diversifying investments and offering returns not correlated with publicly-traded stocks. Private investments outperformed the S&P 500 stock market over the past 5-, 10-, 15-, and 20-year periods.</p> <p>Georgetown’s Center for Retirement Initiatives found that adding 10% private market allocation across all defined contribution assets would generate \$35 billion in additional retirement savings annually.</p>
<p>Public-sector workers with pensions invested in private investments took a hit, so we shouldn’t expand private equity for 401(k)s.</p>	<p>The National Association of State Retirement Administrators reports higher rates of return for public pensions driven by increased alternative assets, particularly private investments.</p> <p>IMF’s 2024 Global Financial Stability Report found that companies with private investments experienced lower default rates during economic stress. This underscores private investments’ resilience.</p>
<p>Private investments offer little investor protection and lack transparency.</p>	<p>Private investments are overseen by a strong regulatory framework and robust disclosure requirements for protecting investors. Investor protections include comprehensive quarterly performance reporting, mandatory annual audits, and rigorous scrutiny on advisor conflicts.</p>