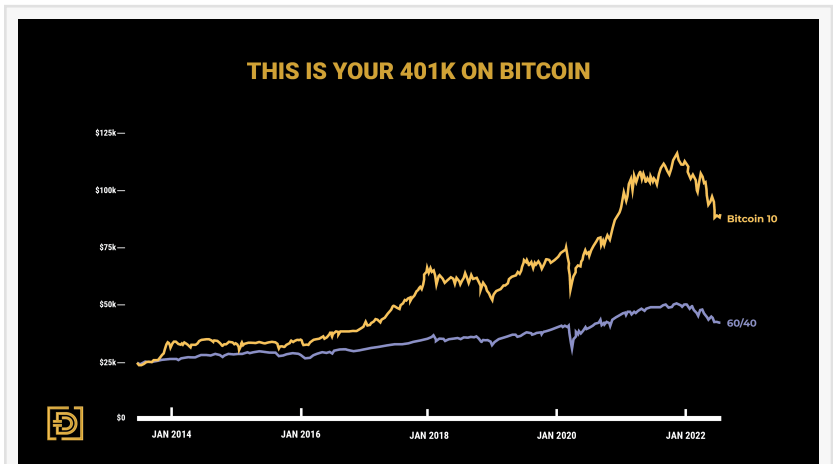


Important Things to Know About Bitcoin 401(k) Plans in 2023

DAIM offers a diversified 401k option for plan sponsors and participants that includes direct Bitcoin exposure.

NEWPORT BEACH, CA, USA, December 2, 2022 /EINPresswire.com/ -- As an employer are you doing everything you can to attract or retain the best and the brightest? One of the main things employees look for in a potential employer is how attractive their benefits are. Wages are important but they aren't everything. A total compensation package that includes attractive benefits is also the key to landing good employees.



The effects of allocating just 10% of a portfolio to BTC can be immense

One attractive benefit is the ability to buy Bitcoin directly in a company sponsored 401K plan. DAIM offers a solution that allows employees the opportunity to allocate up to 10% to Bitcoin. Below we'll address some important things to know about investing in Bitcoin within a 401k plan.

The Law Does Allow It

Some people think that you aren't allowed to buy Bitcoin in a 401k because it's an obscure asset that lacks clear regulation. This is not true. The Employee Retirement Income Security Act of 1974 specifically bans individually directed accounts from purchasing employer securities, certain investments made in related parties, life insurance, and certain collectibles. Bitcoin was not mentioned. Obviously Bitcoin was not around in 1974, however there have been no amendments since then to specifically ban it. Bitcoin is allowed in a 401K.

Access is the First Step to Success

Studies have shown that pension plans outperform 401k plans over long periods. One of the main contributing factors is the ability for pensions to invest in a wide variety of alternative

assets. These are often private, illiquid assets that retail investors have little to no access to. One of the reasons this improves performance is by lowering the correlation of portfolio assets which in turn increases portfolio diversification. Bitcoin has a historically low correlation with traditional stocks and bonds. It is also the best performing asset over the last 10+ years. This is good news for those who can purchase Bitcoin in a 401k plan. Individuals who previously couldn't access alternative assets in their 401K, can now level the playing field with Bitcoin.

There is Nothing Like the Real Thing

Many advisors may claim that you can get Bitcoin exposure in a plan. Be aware that you probably won't be buying actual Bitcoin. They provide synthetic Bitcoin exposure through ETFs (BITO), trust shares (GBTC), or listed companies that hold a lot of Bitcoin (MSTR). If you have the option to buy Bitcoin you should make sure it is the pure digital asset bought on a regulated cryptocurrency exchange.

A Little Goes a Long Way

If you do allocate to Bitcoin in a 401K, it doesn't take a lot to get your money's worth. A 10% allocation within a well diversified portfolio of stocks and bonds is enough to provide you with excess wealth that will let you retire comfortably when the time comes. Risk-adjusted returns for Bitcoin are superior to all other asset classes over the last 10 years. That means that the performance of Bitcoin more than makes up for the volatility that holders endure.

Find out More

2023 is right around the corner and there isn't a better time to buy some Bitcoin. If you are an employer looking to have Bitcoin as an investment option, know that creating a plan or making the switch is easy. [Contact DAIM](mailto:hq@daim.io) at hq@daim.io for more information.

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