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The Definitive Guide to

Selling Alternatives into 401(k) Plans

A Field Guide for Alternative Investment Managers

July 2026 | dakota.com

Introduction: The Biggest New Channel in a Generation

In August 2025, President Trump signed Executive Order 14330, directing the Department of Labor and SEC to dismantle the regulatory barriers keeping private assets out of 401(k) plans. By March 2026, the DOL had proposed a formal safe harbor for fiduciaries selecting alternative investments. The comment period closed June 1, 2026. A final rule is expected before year-end, with implementation likely in 2027.

The numbers are staggering.

$9.3T

in 401(k) assets across 70 million active participants

> If just 1–2% of defined contribution assets rotate into private markets, that's $93–186 billion in new AUM — dwarfing most institutional fundraising cycles.

For alternative investment managers, the defined contribution channel is not a supplemental opportunity. It is potentially the most significant new distribution channel since the institutionalization of private equity in the 1990s. But it is also the most structurally complex. The DC market operates by entirely different rules than the institutional LP world most fund managers know.

This guide explains how to navigate it — from product structure to distribution architecture to the conversations you need to be having right now.

Part 1: The State of Play

Where We Are Today

Despite the scale of the opportunity, the starting line is nearly zero. Only 2.9% of plan sponsors currently offer any investment option that includes alternatives, and just 0.1% of DC plan assets are allocated to them. The barrier has never been ERISA's statutory language — nothing in the law prohibits alternatives in DC plans — but the litigation environment surrounding fiduciary duty.

That is now changing. The DOL's proposed safe harbor creates a process-based standard: if a fiduciary follows a documented, prudent process across six defined factors (performance, fees, liquidity, valuation, benchmarks, and complexity), they earn a rebuttable presumption of ERISA compliance. The rule shifts the legal question from "why did you offer this?" to "did you follow the right process when you evaluated it?"

> This is a profound change. For the last decade, even sophisticated plan sponsors avoided alternatives because the litigation risk was asymmetric — all downside, no legal protection. The safe harbor changes that calculus.

The Demand Signal

Interest is real and building fast. A July 2026 Escalent survey of over 1,000 plan sponsors found:

- 44% of plan sponsors are interested in learning more about incorporating alternatives
- 62% of sponsors of large plans ($100M–$500M) expressed that interest
- 50% of mega-plan sponsors ($500M+) want to know more
- Among participants, Millennials are driving demand — over 40% expressed extreme interest in each of eight alternative investment vehicle types studied

The headwinds are equally real. Among plan sponsors not yet interested, nearly half of large plans cite weak participant demand as the key obstacle. Asset managers must address concerns around risk, fiduciary responsibility, and product knowledge before broader adoption takes hold.

The gap between interest and action is the window. The managers who build DC-ready products, sales infrastructure, and fiduciary education capacity now will capture disproportionate share when the final rule takes effect.

Part 2: Getting Your Product DC-Ready

This is the prerequisite conversation. Before you can sell into DC plans, you need a product structure that a fiduciary can defend. Most traditional private fund structures — closed-end, quarterly-valued, illiquid — cannot be placed into a 401(k) as a standalone designated investment alternative.

The Target-Date Fund: The Primary Entry Point

The DOL's proposed rule is explicit: the most commercially viable path for alternatives into DC plans will be as sleeves within target-date funds (TDFs), not as standalone menu options. The math supports this — 84% of DC plan participants already use TDFs, and 90% of large plans offer them. TDFs control nearly two-thirds of 401(k) contributions today, a figure expected to reach 70% by 2030.

Multiple megafund TDF managers have already announced strategies incorporating a 5–20% allocation to private market assets, calibrated by participant age. This is where the scale flows. For most alternative managers, the strategic question is not "how do I list my fund on a 401(k) menu" but "which TDF manager do I partner with, and what do I need to offer them?"

Vehicle Options: The DC-Ready Spectrum

Interval Funds

Registered investment companies that offer periodic (usually quarterly) redemption windows. Because they are registered under the Investment Company Act, they benefit from structural advantages under the proposed rule — the DOL's examples for registered mutual funds apply, making it easier to satisfy the valuation and liquidity safe harbor factors. Currently the most straightforward vehicle for getting alternative exposure into DC plans as a standalone option.

Collective Investment Trusts (CITs)

Bank-maintained pooled funds that hold assets for qualified retirement plans. CITs have lower costs than mutual funds and can incorporate illiquid sleeves when paired with appropriate liquidity management. They are exempt from SEC registration and can be embedded within TDF structures. For private market managers partnering with TDF sponsors, CITs are the dominant vehicle.

Managed Accounts

Increasingly, large plans are allowing RIA aggregators to construct customized portfolios for participants through advisor-managed accounts (AMAs). Firms like CAPTRUST, SageView, and OneDigital are active here. AMAs can include alternative allocations not available on the core plan menu, creating a second distribution pathway for managers who cultivate these relationships.

Standalone Registered Alternatives

A closed-end fund listed directly as a designated investment alternative. This requires the most product engineering — daily NAV capability, robust liquidity management, independent valuation governance — and is the highest bar to clear. Very few managers will clear it initially. This is a longer-term path.

The Six Safe Harbor Factors: Your Product Checklist

The DOL's safe harbor requires fiduciaries to evaluate and document six factors for every designated investment alternative. As the fund manager, you need to be able to provide clean, defensible answers to all six:

1. Performance: Risk-adjusted return track record. Be prepared to demonstrate your Sharpe ratio, downside capture, and correlation to public markets.

2. Fees: Total cost transparency — management fees, incentive fees, expense ratios, embedded transaction costs. Know your cost story before the meeting.

3. Liquidity: Can the plan meet participant withdrawal, loan, and distribution needs? The rule does not require full daily liquidity, but fiduciaries must defend the liquidity framework.

4. Valuation: Timely, accurate, independent, and conflict-free valuation. Private assets typically price quarterly or annually — DC plans need more frequent marks. Non-negotiable.

5. Benchmarks: How is performance measured and communicated? PMEs, peer universe comparisons, and blended benchmark constructions all have precedent.

6. Complexity: Can participants and fiduciaries understand this investment? The more complex the structure, the more education infrastructure you need to provide.

> These six factors are your due diligence preparation checklist. If you can answer all six cleanly, in writing, before the first fiduciary committee meeting, you will move faster than 90% of your competitors.

Part 3: Understanding the DC Distribution Architecture

The institutional fundraising playbook — identify the CIO, cultivate the relationship, present at an investment committee — does not translate to the DC market. Access to $9.3 trillion in 401(k) assets is governed by a layered system of gatekeepers, each of whom must be engaged differently.

The Four Gatekeepers You Must Understand

1. Recordkeepers

Fidelity, Vanguard, Empower, TIAA, Principal, and a handful of others collectively administer the vast majority of 401(k) assets. They control which investment options can appear on a plan menu through their platform approval processes. An alternative investment that is not on a recordkeeper's approved platform cannot be offered to plan participants, regardless of what the plan sponsor wants.

Getting onto recordkeeper platforms is the first and most critical infrastructure challenge. It requires product registration, data feeds, daily NAV capabilities, and technical integration. Start these conversations now — they take 12–18 months to complete.

2. Investment Consultants and OCIO Firms

For large and mega plans, a consultant or outsourced CIO firm typically serves as the gatekeeper to the investment committee. They maintain approved lists, run due diligence, and recommend. Consulting firms like Mercer, Aon, Willis Towers Watson, and NEPC wield enormous influence. These require a dedicated consultant relations effort — separate from your plan sponsor outreach.

3. Financial Advisors and RIA Aggregators

For small and mid-market plans (under $100M in assets), the plan's financial advisor is typically the investment gatekeeper. The advisor recommends fund options, the plan sponsor accepts. This is where the RIA channel — and Dakota's database — becomes directly relevant.

RIA aggregators (CAPTRUST, Pensionmark, OneDigital, SageView) have centralized home office research teams that curate approved investment lists for their entire advisor network. Getting on a home office approved list is a force multiplier — it makes you accessible to every advisor in that network simultaneously.

> The RIA aggregator channel is the highest-leverage target for mid-market DC distribution. One home office approval can open access to hundreds of plans.

4. Plan Sponsors

The employer who sponsors the plan bears ultimate fiduciary responsibility. They hire and fire consultants, advisors, and recordkeepers. But they rarely select individual fund managers directly — they delegate that to the gatekeeper layer above. Your goal with plan sponsors is to make them comfortable enough with alternatives generically that they permit their advisor or consultant to evaluate you.

The TDF Partner Strategy

For managers who cannot yet clear the recordkeeper and fiduciary infrastructure bar on their own, the TDF partner strategy is the most efficient path to DC assets in the near term. Large TDF managers — Vanguard, Fidelity, T. Rowe Price, BlackRock, Empower, TIAA — are actively building or rebuilding their glide path strategies to incorporate private market sleeves. They need sub-advisors with proven track records and DC-ready infrastructure.

The trade-off is economics: TDF sub-advisory mandates compress fees significantly. But the scale of potential AUM can make the math work, and the relationship builds DC market credibility that can support direct channel development over time.

Part 4: The Sales Strategy

Segment Your Targets by Channel Readiness

Mega Plans ($500M+)

Dedicated investment committees, sophisticated consultants, the staff to evaluate complex products. Treat them like large pension plans — consultant-first outreach, long sales cycles, rigorous RFP processes. Highest potential AUM, longest time-to-close.

Large Plans ($100M–$500M)

The sweet spot for near-term pipeline. Interest is highest here (62% want to learn more), the advisor relationship is typically the key gatekeeper, and RIA aggregator home office approvals are decisive.

Mid-Market Plans ($20M–$100M)

Dependent almost entirely on the plan advisor's recommendation. The path runs through financial advisor education and RIA aggregator home office lists. Individual outreach to plan sponsors is largely inefficient — focus on the advisor channel.

The Conversations to Be Having Right Now

The final rule is not in effect yet. That is an advantage, not a reason to wait. The window between "rule announced" and "rule effective" is when relationships are built and minds are made up.

With Recordkeepers

Initiate platform approval conversations now. This process takes 12–18 months. Waiting for the final rule means your first DC asset won't arrive until 2029 at the earliest.

With Investment Consultants

Request informational meetings positioned around the regulatory development, not a fund pitch. Being the manager who helps them think through it positions you as a partner, not a vendor.

With RIA Aggregator Home Offices

Map the 15–20 largest aggregator home office research teams. A single home office approval touches hundreds of plans. Come with a DC-specific pitch that addresses the six safe harbor factors directly.

With TDF Managers

If you are a PE, private credit, real estate, or infrastructure manager with a strong track record, reach out to TDF managers building or rebuilding glide paths. These conversations are happening now.

The Fiduciary Education Imperative

The single biggest obstacle is not fee economics or product structure. It is fiduciary comfort. Plan sponsors and advisors are refusing alternatives not because they don't want the returns — but because they are afraid of ERISA litigation. Your job is to make fiduciaries more comfortable by providing the education and documentation framework that makes prudent adoption defensible:

- Clear, jargon-free materials explaining how your product satisfies each of the six safe harbor factors
- Fiduciary education sessions for investment committees
- Sample documentation templates that help plan sponsors record their due diligence process
- A participant communication kit — not just fund marketing materials

> The manager who arrives with an education kit, not just a pitch deck, will differentiate immediately. Fiduciaries are not looking for the best return. They are looking for the manager who helps them feel safe.

Part 5: How Dakota Marketplace Fits In

The DC channel is new territory for most alternative managers. But mapping it requires data — and Dakota Marketplace is the only database built to cover every gatekeeper in the 401(k) ecosystem.

The Most Comprehensive 401(k) Database in the Market

Dakota Marketplace gives alternative managers a single platform to identify and reach every decision-maker in the DC distribution chain:

120,000+	70+	350+	25+
PLAN SPONSORS (401K PLANS)	INSTITUTIONAL DC PLAN CONSULTANTS	DC PLAN ADVISOR TEAMS	RECORDKEEPERS WITH KEY CONTACTS

No other database covers all four gatekeeper tiers with this depth. Preqin focuses on private fund performance data and excludes financial advisors and RIAs entirely. Fintrx covers US-only RIAs and family offices but not the broader advisor and plan sponsor universe. With Intelligence is primarily European and news-focused. Dakota is the only platform built to give alternative managers a complete map of the 401(k) channel.

Why Coverage Completeness Matters

The 401(k) distribution architecture does not have a single point of entry. A fund that wins a consultant approval still needs recordkeeper access. A fund that clears a recordkeeper's platform still needs financial advisors to recommend it to plan sponsors. Missing any tier of the gatekeeper chain means leaving deals on the table.

Dakota Marketplace is built around that reality. Whether you are targeting mega-plan consultants, RIA aggregator home offices, individual plan-advising financial advisors, or recordkeeper relationship managers, the contacts you need are in one place — with daily-updated data so you are never calling on someone who moved six months ago.

The Intelligence Advantage

The first firms to map the DC channel will have a compounding advantage. They will know which aggregator home offices are actively reviewing alternatives, which plan advisors have been educated on the DOL rule, and which consultants are most receptive. That intelligence accelerates pipeline and reduces wasted outreach.

Dakota's AI tools — Dakota Joe and the Claude MCP connector — surface that intelligence at scale: which firms in your target channel have shown interest in alternatives, which contacts are newly placed and ready to build a relationship, which markets are underserved by competing managers.

> The DC channel will be won by the managers who build the relationships now — before the money moves. Dakota Marketplace gives you the most complete map available of every gatekeeper standing between you and $9.3 trillion in 401(k) assets.

Part 6: Your 90-Day Action Plan

Immediate (Days 1–30)

- Conduct a DC product readiness audit against the six safe harbor factors. If you cannot answer all six cleanly, identify the gaps.
- Map your target distribution channels: TDF managers, recordkeepers, consultant firms, and RIA aggregators. Build your target list.
- Initiate recordkeeper platform conversations. Start with Fidelity, Empower, and Vanguard.
- Develop a DC-specific pitch framework distinct from your institutional materials. Lead with fiduciary process, not fund performance.

Near-Term (Days 31–60)

- Book informational meetings with 5–10 investment consultants positioned around the regulatory development.
- Identify the 15–20 largest RIA aggregator home offices and prioritize outreach to their research teams.
- Build a fiduciary education kit: safe harbor factor explainer, sample due diligence documentation, participant communication materials.
- Evaluate TDF sub-advisory partnerships if direct DC distribution is 12–24 months away.

Medium-Term (Days 61–90)

- Run a fiduciary education event — webinar or in-person — for plan advisors and consultants in your target markets.
- Build a dedicated DC sales function. The 401(k) channel requires specialized knowledge. Consider hiring or partnering.
- Establish a Dakota Marketplace workflow to track outreach, maintain contact data freshness, and identify new DC-channel prospects.
- Track the final rule. Monitor DOL announcements and adjust product and distribution strategy as safe harbor language is finalized.

Conclusion

The DOL rule is a starting gun, not a finish line. The managers who win the defined contribution channel will not be the ones who move fastest after the final rule drops — they will be the ones who spent 2026 building the product infrastructure, distribution relationships, and fiduciary education capacity that make them the obvious choice when capital starts to flow.

That window is open right now. The question is not whether alternatives will enter 401(k) plans. The regulatory and market momentum is too strong. The question is which managers will be positioned when it happens.

> The DC channel will unlock more capital for alternatives than any single institutional fundraising cycle in history. But it will be won by managers who understand that this is a different market — with different gatekeepers, different fiduciary standards, and different sales skills. Treat it that way.

Learn more at dakota.com | Request a demo of Dakota Marketplace