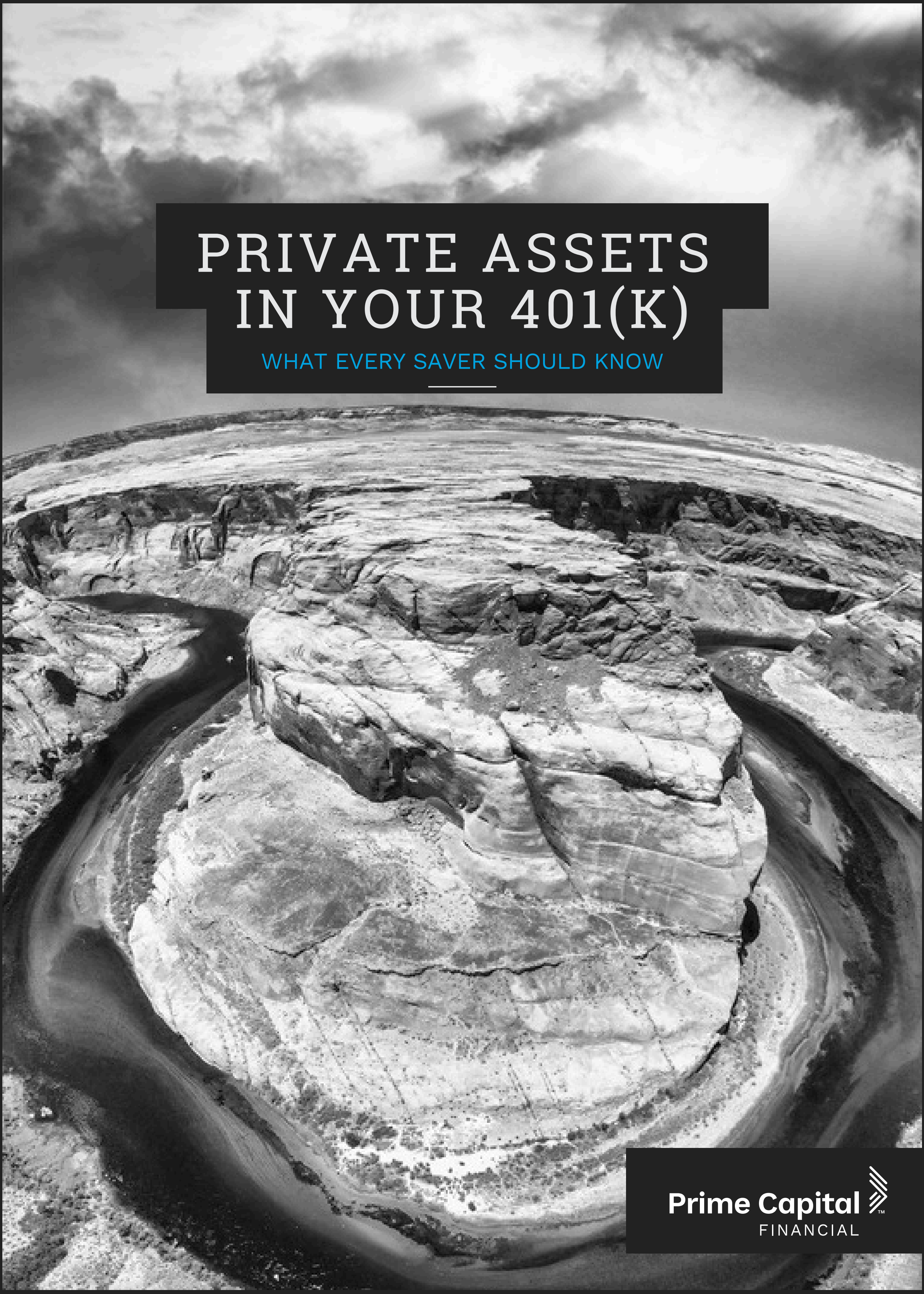
PRIVATE ASSETS IN YOUR 401(K)

WHAT EVERY SAVER SHOULD KNOW



Prime Capital FINANCIAL

A NEW CHAPTER FOR RETIREMENT SAVING

If your company has a 401(k) plan, you may soon see terms such as private equity, private credit, and private infrastruture when you review the investment options in the plan line up. These describe portions of the "private" markets, which have historically only been available to ultra-wealthy investors. Now, as both policy and product design evolve, there is a national debate about whether and how these investments should be included in retirement plans. But what does that mean to you?

Is this an opportunity to grow your retirement next egg, or are these complicated investments that could increase risk?

WHAT ARE PRIVATE ASSETS?

Private investments, sometimes called private assets or alternatives, are financial opportunities that live outside the traditional stock and bond markets.

"The majority of companies in America with over $100 million of revenue are actually private. When you hear the words alternative investments and private investments, think of it as a whole new asset class we didn't have access to before."

- Scott Duba, CFA®
Chief Investment Officer &
President of Prime Capital Wealth

Unlike shares of Apple or Microsoft that you can buy on a public exchange, these investments cannot be traded on a daily basis. Instead, they're offered through private channels, often to institutional investors, pension funds, or ultra-high-net-worth families.

PRIVATE ASSETS INCLUDE SEVERAL SUB-CATEGORIES

Private Equity: Ownership stakes in private companies, from startups to large, established businesses. Private equity firms typically own a controlling interest and aim to grow the company's value before selling it.

Private Credit: Loans made directly to businesses without going through a traditional bank. These can be used to finance both the acquisition of the business and subsequent growth opportunities. Private lenders receive interest payments and are repaid before equity owners.

Private Real Estate & Infrastructure: Investments in physical assets like buildings, toll roads, renewable energy projects, or data centers. These can provide income streams (like rents or usage fees) along with long-term growth.

Think of private markets as a parallel financial world: while the public market offers tens of thousands of listed stocks and bonds, the private market opens the door to millions of companies, projects, and ventures that most investors never see.

Why it matters now: For decades, these investments were out of reach for everyday savers due to regulatory barriers and high minimums. But as more companies stay private longer and raise larger amounts of capital outside exchanges, retirement plans and regulators are exploring whether 401(k) participants should gain controlled access to this "hidden half" of the economy.

WHY PRIVATES ARE COMING TO 401(K)S

- **Fewer Public Companies:** The number of U.S. public companies has nearly halved since the 1990s.[1]
- **Private Market Growth:** More high-quality companies are staying private, preventing access to these investment opportunities via the public markets. [2]
- **Democratization:** Regulators and providers are exploring ways to give everyday investors access.

BENEFITS

Diversification Beyond Stocks and Bonds

Exposure to companies and assets you can't access in public markets.

Potential for Higher Long-Term Returns

Private assets can[2] potentially offer higher returns than some public market investments.

RISKS TO WATCH

Higher Fees

Private funds typically carry higher fees than public funds.

Less Liquidity

Investors in private funds generally need to wait until the underlying investments are sold to get liquidity.

Less Transparency

Private markets aren't required to disclose as much detail.

Scott's Advice: "Private investments tend to be less liquid, less transparent, and usually have higher fees. Know what you own."

HOW YOU'LL LIKELY ENCOUNTER PRIVATE ASSETS

"Privates are better suited to be embedded either in a target date fund or an advisor-managed account. Employees don't have to become an expert in that underlying investment."
-Jania Stout
President, Prime Capital Retirement & Wellness

One of the biggest misconceptions about private investments in 401(k) plans is that you'll suddenly be asked to select a "Private Equity Fund" from your lineup, right alongside your stock and bond funds. That's not how it works.

For most savers:

- You won't have to make a direct allocation decision. Instead, private assets could be included automatically within professionally managed strategies.
- Target Date Funds (TDFs) are the most common default investment in 401(k) plans. If private equity or private credit are added, they'll be part of the diversified mix inside your target date fund, not something you have to actively choose.
- In an Advisor-Managed Accounts (AMAs) setup, investment professionals design and manage your portfolio for you, taking into account your goals and risk tolerance. Here, advisors, not participants, decide whether and how much exposure to private markets is appropriate.

THIS STRUCTURE HAS TWO BENEFITS:

1. Simplicity for employees.
You don't have to decode the fine print of a complex private fund.

2. Fiduciary protection for retirement plan sponsors.
Oversight remains with plan committees and advisors, rather than leaving individuals to navigate investments that can be opaque, illiquid, and fee-heavy.

Jania's Point: "Trying to educate every employee on the nuances of private markets would be a big hurdle. Embedding them in managed solutions is a way to expand opportunity without overwhelming participants."

THE BOTTOM LINE FOR SAVERS

- Don't panic! Your plan is designed with oversight.
- Pay attention to your risk tolerance and goals.
- Lean on your plan advisor as a resource.

"The goal isn't just to save. It's to save smart. And that means being informed."
-Scott Duba

We are fiduciaries, putting our clients' best interests before our own. We serve as a trusted partner to clients who seek to achieve financial freedom.

ABOUT PRIME CAPITAL FINANCIAL

Every investor deserves to feel empowered in owning their financial success, using the resources of a trusted financial advisor as the mechanism to help get them there. Charting your course to financial success should be simple, free from jargon and distraction. At our firm, every decision we make for our clients is rooted in integrity and transparency. Building on that foundation, we use our experience combined with industry-leading tools and innovative solutions to deliver financial clarity. We have found that the one asset people want more of, more than anything else, is TIME. With our approach, not only will our clients have a dedicated team on their side, but they can get back time in their everyday life.

A Brief History

- Founded as an insurance business in the 1980's, Prime Capital Financial entered the Wealth Management Business in 1997 and the Retirement Advisor space in 2004.
- In 2017, today's leadership team bought the business from the founder.
- Since then, the company has grown rapidly by acquisition, hiring advisors and teams, strong organic growth and launching new businesses.

Fee Structure

As a fee-based practice and as true fiduciaries, we focus on building and maintaining a long-term relationship with you and your investments. We believe that our success should align with that of our clients. At the end of the day, we share the same end goal, which is growing your assets.

Scan the QR code to view our firm, by the numbers.

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Sources:
1 Goodkind, N. (2024, April 9). *The stock market is shrinking and Jamie Dimon is worried.* CNN Business. https://www.cnn.com/2024/04/09/investing/premarket-stocks-trading
2 Penny, S. (2025, August 25). *More Companies Are Choosing to Stay Private — But This One Big Issue Could Derail Their Success.* Entrepreneur. https://www.entrepreneur.com/leadership/why-more-companies-are-choosing-to-stay-private/495376
3 The Currency. (2023, October 6). *Private equity vs. public equity: What's the difference?.* https://www.empower.com/the-currency/money/private-equity-vs-public-equity

Investing in alternative investments and/or private offerings is typically speculative, involves a high degree of financial risk, and therefore should be considered a long-term investment, with an indeterminate holding period and with no or very limited liquidity. Such investments often have higher fees and may experience a lack of information or timely reporting. Investors should speak to a financial professional to gain an understanding of these features and risks. This information does not constitute legal or tax advice. Prime Capital Investment Advisors, ("PCIA") and its associates do not provide legal or tax advice. Individuals should consult with an attorney or professional specializing in the fields of legal, tax, or accounting regarding the applicability of this information for their situations. Advisory products and services offered by Investment Adviser Representatives through Prime Capital Investment Advisors, LLC ("PCIA"), a federally registered investment adviser. PCIA: 6201 College Blvd., Suite#150, Overland Park, KS 66211. PCIA doing business as Prime Capital Financial | Wealth | Retirement | Wellness | Family Office.