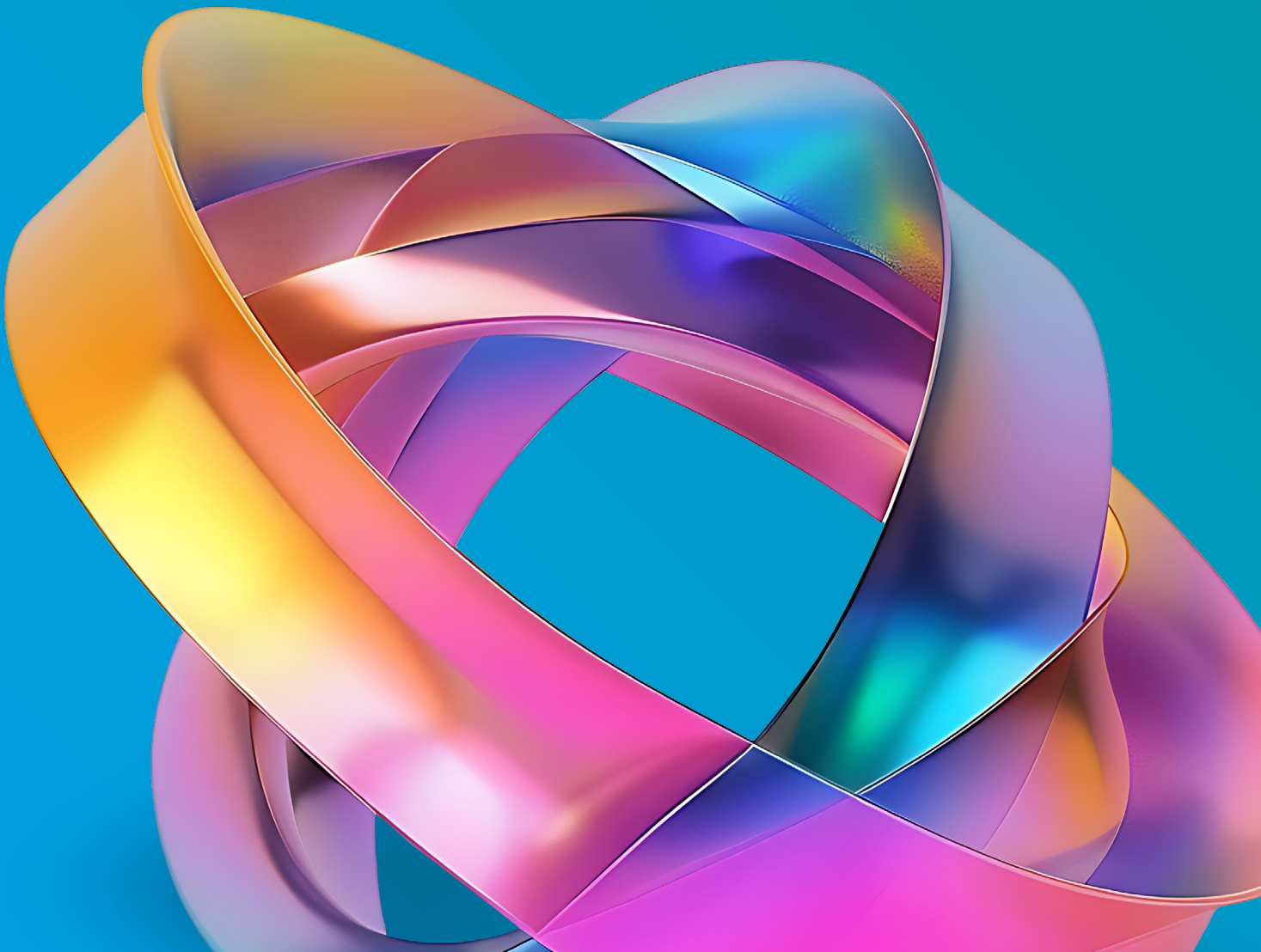


# Update for DC plan fiduciaries on DOL's cryptocurrency related guidance



# The latest developments since DOL's 2025 Compliance Assistance Release



**Over the last two years, cryptocurrency has received attention from various entities. This includes the SEC's approval in January 2024 of a small number of spot bitcoin exchange traded products (ETPs), an Executive Order issued earlier this year establishing a [Strategic Bitcoin Reserve](#) and US Digital Asset Stockpile, as well as the GENIUS Act, which introduces regulation of payment stablecoins.**

Most recently DC plan sponsors received new guidance from the Department of Labor (DOL) related to cryptocurrency and crypto-related assets in Compliance Assistance Release (CAR) 2025-01. The DOL rescinded the previous 2022 CAR with the issuance of CAR 2025-01<sup>1</sup>, noting that the intent of the most recent release is to “restore” the historical DOL approach of neutrality when it comes to investment types. The DOL commented that a plan fiduciary's decisions should “consider all relevant facts and circumstances” and referenced the importance of context citing *Fifth Third Bancorp v. Dudenhoeffer*, 573 U.S. 409, 425 (2014). Additional details on the nuances of CAR 2025-01 are described in our [GRIST](#).

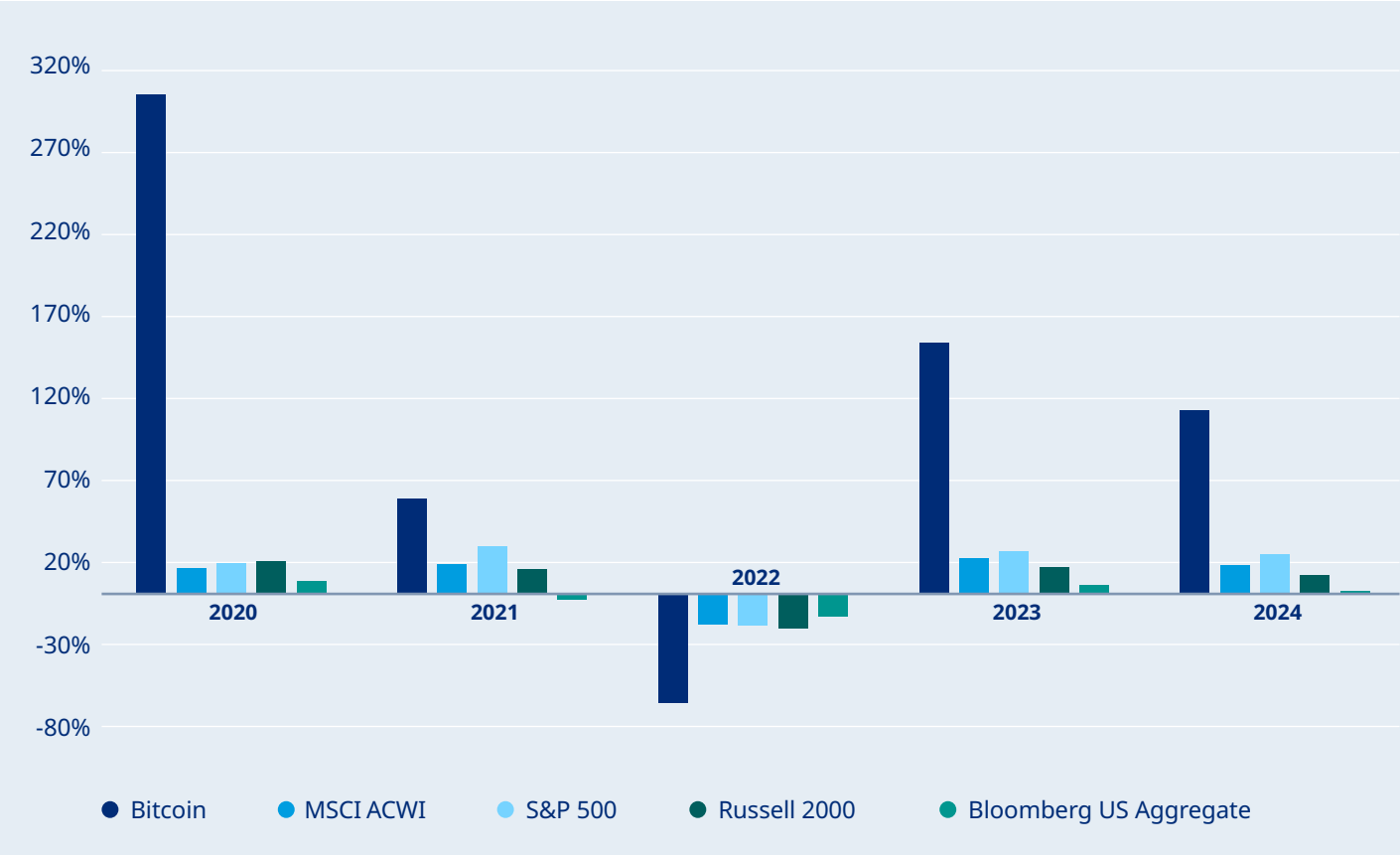
In our view, this new guidance shifts away from the cautionary tone the DOL took in CAR 2022-01, which called out use of cryptocurrency and crypto-related assets in core plan offerings and brokerage windows – another avenue in which participants could (and can still) access these investments depending on plan specific brokerage window restrictions. However, CAR 2025-01 does not explicitly endorse cryptocurrency or crypto-related assets within DC plans.

While Mercer agrees that fiduciaries should consider all relevant information and participant needs when structuring investment menus, our view remains that cryptocurrency or crypto-related assets are not suitable for most DC plans as a standalone investment option at this time. We have previously noted concerns about cryptocurrency and crypto-related assets as standalone investment options in DC plans. Two points are the potential asset volatility and security, and the difficulty educating and communicating information to DC plan participants.

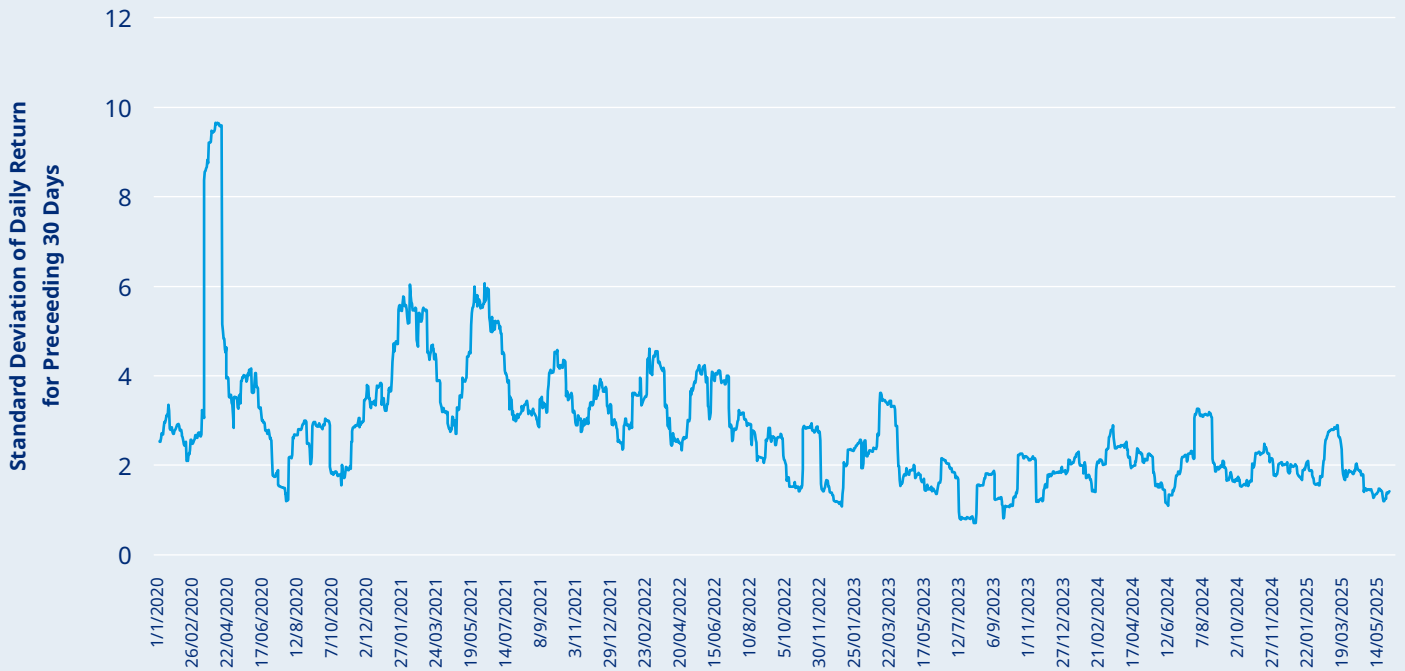
From a performance and volatility perspective, in addition to the speculative nature of digital assets, it's important to note investor sentiment and trading may be pronounced for cryptocurrencies and crypto-related assets, including ETPs. Looking at the largest cryptocurrency by market cap as of June 2025, Bitcoin (BTC USD), as an example, calendar year performance since 2020 has generally been strong and directionally aligned with global equity markets, with the exception of 2022. The key takeaway from this chart is the magnitude of the return patterns is much more pronounced compared to traditional equities and bonds. However, we believe it is especially appropriate to examine the volatility that accompanies that potential for returns.

If we look intra calendar year at Bitcoin, the price changes can vary significantly. Using the most recent calendar year (2024) as an example, the maximum closing price for BTC USD was nearly 2.7 times that of the minimum closing price during the year, further illustrating the wide fluctuations.<sup>2</sup> Furthermore, we can examine price volatility, which is shown in Figure 2 and depicts notable variability and elevated volatility. In contrast, the same measure for gold in USD terms was below 2 all but a couple weeks in March 2020 and April 2020.<sup>3</sup>

**Figure 1. Calendar Year Returns of Bitcoin (BTC USD), Global Equities and US Bonds<sup>2</sup>**



**Figure 2. 30-day Price Volatility for Bitcoin (BTC USD)**



Mercer tends to recommend asset classes based on the role it is intended to play in a portfolio and has examined various use cases for cryptocurrency, such as a diversifier, digital gold, payments systems and an alternative savings system. We continue to believe that cryptocurrencies should not play a role in a strategic asset allocation at this time, but do see the potential value in its use by appropriately skilled managers in multi-asset solutions. More on this point, as well as other investment considerations can be found in our paper [Deciphering the bitcoin ecosystem](#).

When it comes to plan communications and educating DC plan participants, we view cryptocurrencies and crypto-related assets to be niche investments that are complex to explain, especially in the context of a standalone option. It is unclear whether the majority of DC plan participants have the knowledge, time, or ability to educate themselves on these types of investments, even with plan sponsor support. This could pose a possible risk to DC plan participants who may invest without sufficient knowledge or resources, if such an investment was offered as a core standalone option in a plan menu.





There are additional considerations around cryptocurrency and crypto-related assets, such as operational administration in DC plans, monitoring, and the security of the investment from hacks (see Figure 3). There are a myriad of operational considerations, but to illustrate one hurdle we will focus on access. From an operational perspective, gaining exposure to cryptocurrencies and crypto-related assets on a standalone basis would generally require a DC plan friendly vehicle. While growing, there are currently a more limited set of pooled vehicles available given that most DC plans are typically not able to implement ETPs on the same recordkeeping platforms that are often used to administer the more commonly used mutual funds, collective investment trusts, etc. in DC plan menus. From a monitoring and security perspective, cryptocurrency hacks present possible risks that may be

unfamiliar for DC plan fiduciaries and have the potential to negatively impact ETP and vehicle performance in ways that are untested.

We believe the combined potential risk, education, communication and administrative hurdles continue to pose challenges for cryptocurrency and crypto-related assets in DC plans. **At this time, Mercer continues to believe DC plan sponsors should refrain from offering cryptocurrencies and crypto-related assets as core standalone options within DC plan investment menus.** However, there may be additional legislative or executive branch action in the future that will warrant re-examination of digital assets over time. Plan sponsors may also find it helpful to discuss implications from the recent DOL announcement with ERISA counsel.

Figure 3.<sup>4</sup>



If you would like to discuss this topic in further detail, please reach out to your Mercer consultant or [contact us](#).

Endnotes

- 1 <https://www.dol.gov/sites/dolgov/files/ebsa/employers-and-advisers/plan-administration-and-compliance/compliance-assistance-releases/2025-01.pdf>
- 2 Yahoo!Finance, January 1, 2020 – December 31, 2024. MercerInsight, January 1, 2020 – December 31, 2025. Analysis as of June 17, 2025.
- 3 Satoshi.co 30-day standard deviation of daily returns. January 1, 2020 – June 18, 2025. Analysis as of June 23, 2025.
- 4 Chainanalysis. *The 2025 Crypto Crime Report*. February 2025.

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