Buyouts

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NEWS & ANALYSIS

Mid-market managers don't have to miss the retirement capital boat

There is an often-overlooked $17trn market where the mid-market and smaller managers can compete within their own weight class for retirement capital, writes Eric Satz, founder and CEO of self-directed IRA platform Alto.

President Trump's recent executive order is creating interest in opening 401(k) plans to alternative investments. For investors, it means access to private market opportunities long out of reach. For investment managers, it signals the potential for a broader investor base that now includes retirement savers beyond the traditional pool of accredited investors. And with $8.7 trillion in 401(k) assets as of Q1 2025, the potential is enormous.

But some managers risk being shut out – at least as far as the 401(k) channel goes – and not because they aren't excellent investors. As adoption accelerates, the largest firms, backed by brand recognition and massive resources, are likely to dominate employer retirement plans early on. Mid-market and smaller managers will face a slower path into 401(k)s even if demand from sponsors and participants is evident, and emerging managers will likely be left at the gates.

That does not mean new opportunities don't exist for these managers. Awareness of alternatives in retirement portfolios is growing among advisers and retail investors.

An enormous capital channel approximately twice the size of 401(k) s already exists, though it is often overlooked. Self-directed IRA platforms – a $17 trillion pool of capital on its own – enable investors to allocate retirement savings to private market assets. Top-quartile managers, regardless of size and recognition, should focus their fundraising efforts here. At the end of the investment day, it's all about the alpha return, and small and mid-market managers are able to compete within their own weight class in this arena.

Eric Satz

Why private markets investment managers need to meet the moment

For investment managers, this new reality presents both nuance and promise:

Growing demand for alternatives

Private markets are no longer the domain of institutions alone. Market volatility, inflationary pressures, and an aging investor base seeking diversification are reshaping retirement priorities. More individuals want assets that provide uncorrelated returns and long-term growth. This trend is driving demand for private equity, private credit, real assets, and venture strategies.

Industry data confirms the shift. A 2025 Apex Group survey found that 97 percent of asset managers report strong or moderate retail demand for private markets, and managers who provide accessible structures and education stand to benefit most.

Near-term momentum in retirement plans

The regulatory door for 401(k) plans is only beginning to open, but its significance is clear. The inclusion of alternatives in employer-sponsored retirement accounts shows that what was once considered alternative is becoming mainstream. The first wave will likely be dominated by the largest asset managers with established brands and resources to capture plan sponsors' attention.

Mid-market and emerging managers should capitalize on this industry-wide momentum by leveraging IRAs, the single largest channel of retirement savings today. Self-directed IRAs are the most effective way for individuals to direct retirement dollars into alternatives. This path offers investors flexibility and gives managers the opportunity to build credibility and durable relationships before 401(k) access scales.

Differentiation through readiness

As retirement investing evolves, advisers and investors will favor managers who embrace the retail channel with platform technologies that facilitate education, onboarding, subscription workflows, and reporting. As investors become more educated about alternatives, they will recognize that diversification across market segments is important for risk management and return potential.

Getting ahead of the curve

The coming years will be about more than who claims the first slice of the 401(k) market. The real winners will be investment managers who recognize the multiple paths to broaden retirement access to alternatives and who position themselves early for when momentum accelerates.

The 401(k) door may open slowly, and early entry may favor those with scale, but investor demand is already here. Managers who move quickly by educating investors, leveraging IRAs, and differentiating through readiness can establish a powerful channel for expansion. For mid-market managers in particular, IRAs offer a superior entry point: they're more flexible, quicker to adopt new allocations, and don't require navigating the same complex gatekeepers that dominate 401(k) plans. This makes them an attractive and efficient path to connect with motivated accredited investors.

There are 20 million accredited households today, and there will be tens of millions more as the great wealth transfer accelerates. Opening the 401(k) door is an important first step in raising the overall level of awareness as to the importance of alternatives in constructing a diversified retirement portfolio and expanding investor demand. That said, I'm reminded of one of the many directives Charlie Munger provided, "Fish where the fish are." For small and mid-market funds, the self-directed IRA pond is stocked.

Eric Satz is founder and CEO of self-directed IRA platform Alto.