

# How to Include Innovation in 401(k)s: The Case for the Nasdaq-100 Index®

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The CEO and Portfolio Manager of Denver, Colo.-based Shelton Capital Management set out to ask participants why, given its broad adoption in other areas, and recently released the results of their annual survey.

“People that are engaged with investments are using assets that are benchmarked to the Nasdaq-100 extensively in every type of account except their 401(k) plan,” he reiterated. “And the question is like, ‘Why? Why would that be the case?’”

## Consider the following:

- Nearly 80% of all 401(k) plan participants recognize the importance of having a Nasdaq-100® product in their plan lineup. Approximately 20% ranked this option as extremely important.
- Almost 45% of the participants already report owning a product that tracks the
- Nasdaq-100 in their portfolio.
- Demand for Nasdaq-100 funds remained strong and steady across all five age bands we surveyed, between 18 to 75+.
- Over 90% of surveyed participants have post-secondary education, and each respondent reported a median household income of at least \$80,000.
- Participants prioritize innovation, track record, and the simplicity of the Nasdaq-100.

Rogers said three issues are probably to blame for the discrepancy — 3(38) managers and those who build model portfolios are slow adopters, as are employers. It might also be a case of employees afraid to speak up.

“There might be hesitancy on the part of participants to push their employers,” he said. “The 401(k) is a great benefit, and I think people are generally shy about complaining about benefits.”

Advisors might express concerns about risk, but surprisingly, volatility in the space wasn’t as much of a concern for participants given its historical returns, especially if investment horizons are long.

“The returns of the Nasdaq-100 absolutely blow away everything else in the marketplace because of its focus on innovation,” Rogers said. “So, for a long-term investor, somebody that’s got a 20- or 30-year horizon, or even a 10-year horizon, the performance against other typical benchmarks included in 401(k)s—it’s night and day. From 1994 to 2024, the S&P 500 returned over 2,000%, while the Nasdaq returned over 6,000%. Yes, it’s volatile, and not for everybody, but for somebody trying to build wealth inside of a 401(k) plan, it’s what people want and need.”

American Retirement Association original print: [How to Include Innovation in 401\(k\)s: The Case for the Nasdaq-100](#)

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Disclosure of the Annual Nasdaq-100 Retirement Plan Survey: We surveyed over 1,000 U.S. 401(k) plan participants with a balanced reflection of the U.S. Census for gender and age range. This study was conducted by Centiment between February 10 and February 14, 2025. Survey respondents were 18 years or older, with full-time active employment making the median U.S. household income in 2023 of \$80,000 or higher.

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