United States Senate

WASHINGTON, DC 20510

July 26, 2022

Abigail Johnson
CEO
Fidelity Investments
200 Seaport Blvd.
Boston, MA 02210

Dear Ms. Johnson:

We write today to ask why Fidelity, a trusted name in the retirement industry, would allow plan sponsors the ability to offer plan participants exposure to Bitcoin. While plan sponsors ultimately are responsible for choosing the investments available to participants, it seems ill-advised for one of the leading names in the world of finance to endorse the use of such a volatile, illiquid, and speculative asset in 401(k) plans—which are supposed to be retirement savings vehicles defined by consistent contributions and steady returns over time.

As one of the largest 401(k) providers, Fidelity must be are aware of the precarious position of Americans' retirement savings. While the average 401(k) balance is $129,157, the median balance for 401(k) accounts is just $33,472. With Americans living longer today than ever before, it is apparent that too many retirees are likely to outlast their balances during their golden years.

Those fortunate enough to have access to a retirement plan may be unable to find space within their household budget to contribute to an employer-sponsored plan—and feel that their wages would be better directed to household essentials such as housing costs, child care, food, or transportation. Some workers, especially younger workers just entering the workforce, might not see the value of participating in an employer-sponsored plan, or may consider retirement a problem worth addressing later in their working life. The above issues are legitimate, complex problems within our retirement system. This begs the question: when saving for retirement is already a challenge for so many Americans, why would Fidelity allow those who can save to be exposed to an untested, highly volatile asset like Bitcoin?

While the underlying technology of blockchain shows promise and has the potential to be used for innovative and exciting applications, consumers must be wary of the risks associated with Bitcoin and other digital assets. What appears to be certain is many are unaware of the potential risks and financial dangers posed by digital assets like Bitcoin.

For a while, many consumers had reason to believe they were on sound footing in choosing to pour their hard-earned dollars into Bitcoin. An entire ecosystem ranging from self-described cryptocurrency investment experts on social media, to highly paid actors and celebrities, and even some Washington lawmakers have led many to believe that investing in Bitcoin or other digital assets is a sound investment strategy that would pay off handsomely down the line. Some even went so far as to call Bitcoin an "inflation hedge" that would prove a useful investment tool during times of high inflation. When Bitcoin topped out at $68,000 in

November 2021, many of those proponents sounded prescient. Today, Bitcoin stands at $20,849 —more than two-thirds off its peak.

While we appreciate Fidelity's efforts to help working Americans realize a more secure retirement, this decision is immensely troubling. Perhaps most troubling is that in pointing to the risks of investing in Bitcoin on its website and planning to cap plan participants' Bitcoin exposure to 20 percent, Fidelity is acknowledging it is well aware of the dangers associated with investing in Bitcoin and digital assets, yet is deciding to move ahead anyway.

There are many ways that Americans can invest in Bitcoin and the cryptocurrency casino, but it seems as though this latest effort, through what is supposed to be a retirement nest egg, is a bridge too far. Retirement accounts must be held to a higher standard, one that Bitcoin and other unregulated digital assets fail to meet. This asset class is unwieldy, immensely complex, unregulated, and highly volatile. Working families' retirement accounts are no place to experiment with unregulated asset classes that have yet to demonstrate their value over time.

Thank you for your consideration of this important issue. We look forward to your response.

Sincerely,

Richard J. Durbin
United States Senator

Elizabeth Warren
United States Senator

Tina Smith
United States Senator