

How To: Go Fossil Fuel Free in Your Employer Sponsored Retirement Plan



For many people, investing through an employer sponsored retirement plan like a 401(k) or 403(b) is an important piece of their plan to save for the future. Unfortunately, many of these plans do not yet offer a fossil fuel free option. For investors who want to invest fossil fuel free, the following steps can help you work with your employer to include fossil fuel free investment options in your plan.

STEP 1: FIND OUT WHAT IS ALREADY OFFERED

Begin by researching the holdings within each investment option in the retirement plan online. Look for a list of companies or at least the sector allocations. Note that “energy sector” and “utility sector” holdings roughly translate to “fossil fuel companies.” For mutual funds, look at each fund’s Annual or Semi-Annual Report. If you need help, work with the department that would have the best insight into the details of the retirement plan options, usually the Human Resources (HR) or Finance Department.

STEP 2: IDENTIFY FOSSIL FUEL FREE OPTIONS

Look for options that meet your definition

If your retirement plan offers mutual funds you can use a free online tool, Fossil Free Funds™ (www.fossilfreefunds.org), to identify funds that meet your fossil fuel free definition. Note that “low carbon” does not necessarily equal “fossil fuel free.” Check the prospectus, a legal document that provides details about a fund’s objectives, investment strategies, risks, and performance, as well as other details, for a fund’s definition of “fossil fuel free.” Without a clear statement addressing what fossil fuel free means, reference to “fossil fuel free” may simply be a marketing tactic to engage the growing pool of investors interested in fossil fuel free investing.

Some, but not all, fossil fuel free mutual funds also offer options that avoid other dangerous industries, such as tobacco or firearms. If you care about excluding those industries as well, or think that decision-makers will, look at the website or prospectus for this additional information.

How do you define ‘fossil fuel free’?

The global divestment campaign calls for not investing in the top 200 fossil fuel companies by reserves. But, many times when an investor wants to avoid fossil fuel investments, they intend to eliminate all coal, oil, and gas companies, not just the top 200. Green Century defines fossil fuel free as:

- No investments in any company that explores for, extracts, produces, or refines coal, oil or gas.
- No investments in any utilities that produce or transmit electricity derived from coal, oil or gas.
- No investments in any company with proven carbon reserves.

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STEP 3: WHO TO TALK TO ABOUT ADDING FOSSIL FUEL FREE INVESTMENT OPTIONS

Go back to the department or employee that first gave you information about the retirement plan offerings and ask them about the process to propose a new option for consideration. With a larger institution, it is likely that an investment committee plays a key role and that it uses outside consultants or financial advisors to help manage the current investments and evaluate any potential new offerings.



STEP 4: PRESENT FUNDS AND ETFs FOR CONSIDERATION

It may be easier for the organization or company to move forward if it has a specific request, such as one or two fossil fuel free funds. Or, if your retirement plan uses separately managed accounts, present your fossil fuel free definition preference and ask that the investment committee obtain information on what options can be made available.

Provide materials about the fossil fuel free funds you are proposing. If you are proposing the Green Century Funds, we recommend providing Green Century's MSCI International Index Fund, Balanced Fund, and Equity Fund Briefs as well as the Green Century Funds' Prospectus.

For more information and tips on organizing support, or to request Green Century Funds materials, please visit www.greencentury.com/fossilfreeretirement, call 1-800-934-7336 or email info@greencentury.com.

MORE RESOURCES

- For additional resources, and more background on investing fossil fuel free, download *Make a Clean Break*, an updated guide to personal divestment and reinvestment from Green Century, 350.org and Trillium Asset Management, available at www.greencentury.com/fossilfuelfreeguide.
- To research fossil fuel free investment strategies:
 - To see the information on fossil fuel free mutual funds and investment managers compiled by 350.org visit <http://gofossilfree.org/usa/your-roadmap-to-personal-divestment>.
 - To find out which mutual funds invest fossil fuel free, visit www.fossilfreefunds.org
- For information regarding consideration of environmental, social, and governance (ESG) criteria and fiduciary responsibility under the Employee Retirement Income Security Act of 1974 (ERISA), visit: <https://www.federalregister.gov/documents/2015/10/26/2015-27146/interpretive-bulletin-relating-to-the-fiduciary-standard-under-erisa-in-considering-economically> or <https://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/advisory-opinions/1998-04a>.

Stocks will fluctuate in response to factors that may affect a single company, industry, sector, country, region, or market as a whole and may perform worse than the market. Foreign securities are subject to additional risks such as currency fluctuations, regional economic and political conditions, differences in accounting, and other unique risks compared to investing in securities of U.S. issuers. Bonds are subject to risks including interest rate, credit, and inflation. The Funds' environmental criteria limit the investments available to the Funds compared to mutual funds that do not use environmental criteria.

You should carefully consider the Funds' investment objectives, risks, charges, and expenses before investing. To obtain a Prospectus that contains this and other information about the Funds please visit www.greencentury.com, email info@greencentury.com, or call 1-800-934-7336. Please read the Prospectus carefully before investing.

This information has been prepared from sources believed reliable. The views expressed are as the date of publication and are those of the Advisor to the Funds.

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