

Part 4: SRI/ESG investments in company retirement plans



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As noted in part 2 of this series, there are now enough quality investment choices to build a globally balanced investment portfolio featuring only SRI/ESG funds at a reasonable cost and with attractive risk/return characteristics.

However, many people invest only within their employer's retirement plan. They do not have Individual Retirement Accounts (IRAs) or brokerage accounts where they have broad(er) access to select any investments of their choosing. Instead, in most company retirement plans, there are a limited set of investment choices. In the great majority of company retirement plans, none of the investment choices are SRI/ESG-focused funds.

Retirement plan participants have begun to demand more choice and, as a result, many companies have added SRI/ESG options. Recently, Starbucks added three SRI/ESG funds to the investment lineup of its 401k. In my opinion, it's debatable whether the funds added to the lineup were among the best options available but at least the demand of participants was acknowledged.

A recent article in *Investment News* noted that while 74% of retirement plan participants have acknowledged interest in having SRI/ESG options in their retirement account, only 8% of company-sponsored retirement plans include even a single SRI/ESG fund. If your employer retirement plan does not include SRI/ESG choices, I suggest that you rally with like-minded employees and lobby the company and the retirement plan administrator to add them. This is not difficult for plan administrators to do. A persistent campaign to serve the interests of plan participants should have impact.

Of course, sometimes the mutual funds available in employer retirement plans (especially at small companies with fewer participants and less money in the plan) can be expensive

and not always best-in-class. If you find that this is the case, you can take control of your investment options by investing in an IRA or other personal, non-company-sponsored account. It's certainly still worth participating in your employer plan to obtain any available matching funds. That's free money to you – a guaranteed 100% return on your initial savings. But beyond that, it may make sense to use other accounts if your interests are not met by the investment choices available in the company plan.

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