



Plan Participants—How to Add an SRI Option in Your Retirement Plan

If you participate in a 401K or other type of defined contribution retirement plan, you may be interested in a Department of Labor ruling that has facilitated the ability for your employer to add sustainable, responsible and impact investment (SRI) fund options to the plan's choices.

In the past 25 years, a number of investment options have become available that consider **environmental, social and corporate governance (ESG) issues** as a way to manage risk and address the values of clients. In October 2015, the Department of Labor announced that it was rescinding a 2008 bulletin that had made it more difficult for fiduciaries of private sector retirement plans to offer such investments. In its place, the Department issued a bulletin that assures fiduciaries that investments need not be considered “inherently suspect” just because they take into consideration environmental, social and corporate governance factors. This has made it easier for you as a retirement plan participant to gain access to investment options that are consistent with your preferences and values. To learn more about the policy update, click [here](#).

- 1. What is SRI?** Sustainable, responsible and impact investing (SRI) is an investment discipline that considers ESG criteria to generate long-term competitive financial returns and positive societal impact. There are several motivations for sustainable, responsible and impact investing, including personal values and goals, institutional mission, and the demands of clients, constituents or plan participants. Sustainable investors aim for strong financial performance, but also believe that these investments should be used to contribute to advancements in social, environmental and governance practices.
- 2. How do SRI investment options perform financially?** The evidence is clear that plan participants and other investors do not have to accept lower returns to align their investments with their values or to avoid companies with poor ESG practices.
- 3. What are my next steps if I want an SRI investment option?** Check with your human resources department; your plan may already have SRI options. If not, express your desire for SRI options with your human resources department. Many major plan administrator platforms have an open structure that enables the addition of new funds to the platform.

Additional resources available to your employer or investment committee include:

- SRI basics: <http://www.ussif.org/sribasics>
- SRI mutual funds offered by US SIF members: <http://charts.ussif.org/mfpc/>
- Performance studies: <http://www.ussif.org/performance>