PLAN FOR A BETTER FUTURE

How to Add Socially & Environmentally Responsible Investment Options to An Employer's Retirement Plan

A Resource Designed for Use by
Both Employers and Employees from:

Green America®

Social(K)®
PROFIT WITH PRINCIPLE

Plan for a Better Future

Guide to Adding Socially & Environmentally Responsible Investment Options to An Employer's Retirement Plan

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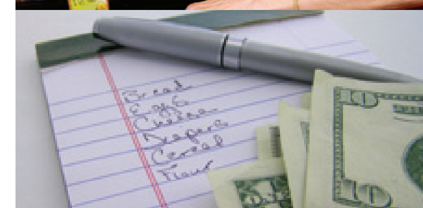
INSIDE YOU'LL FIND:



I. SOCIALLY RESPONSIBLE RETIREMENT PLANS: A KEY PART OF THE GREEN ECONOMY

DURING the last three decades, socially responsible investing (SRI) has grown considerably in terms of the types of products and services available and the level of assets placed in SRI investments. From just 1995 – 2010, professionally managed assets in SRI grew from $639 billion to $3.07 trillion![1] Individual and institutional investors are increasingly recognizing the long-term benefits that SRI offers, such as:

- Screening out companies with poor social, environmental, or corporate governance records.
- Screening in companies that are leaders in social, environmental, and corporate governance issues.
- Using shareholder activism to engage corporate management on ways to improve the company's long-term value and reduce risk.
- Using community development investments, that support low-to-moderate income communities, as part of any well-rounded portfolio.

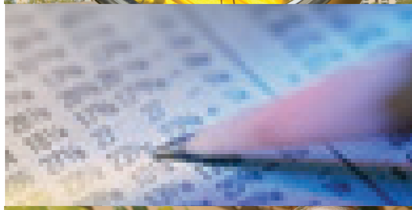
SRI (also known as mission-based investing, sustainable investing, investing according to ESG criteria [environmental, social, governance], or impact investing) is a key element of creating an economy that works for people and the planet. SRI starts with the same rigorous financial analysis that conventional investing employs – and then adds additional criteria to the investment decision. SRI is important for creating the green economy – and for individuals and families. Most Americans do not save sufficiently for retirement, so offering SRI retirement options is an excellent way for employers to help secure the financial well-being of their employees. This resource is intended for two audiences – 1) business owners and benefits professionals who wish to make SRI options available to their employees and 2) employees who do not make benefits decisions for their company or organization and who wish to urge their employer to offer SRI options.

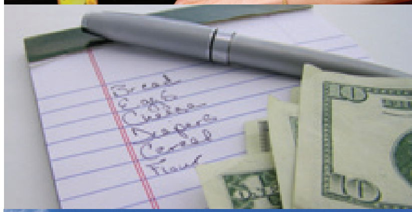
II. WHY OFFER SOCIALLY RESPONSIBLE INVESTING?

WHETHER you are an employer or an employee, you'll want to understand the benefits of offering employees a retirement plan with investments aligned with the employer's and/or employees' mission or ethics and their investment goals. It is important to state the benefits of SRI in order to better support the business's mission and to strengthen the case for SRI in your retirement plan. Reasons for offering SRI retirement options include:

- Having a retirement plans that reflects the employer's values or mission (for example, if you are a producer of solar panels, chances are you want to eliminate or reduce investments in fossil fuels).
- Helping to strengthen the employee's long-term financial well-being by providing greater investment choice by adding SRI to an existing plan.
- Building employee morale and staff retention by expanding the benefits package.
- Providing an important employee benefit of enduring value since numerous studies have shown that SRI investment returns are competitive with conventional funds over the long term.

According to a September 2011 report by the US SIF Foundation and Mercer, US defined contribution retirement plans that offer SRI options could double in the next three years.[2] The results of the survey indicate that four out of five plan sponsors respondents (84%) believe that demand for SRI retirement options will increase or remain steady during the next five years. It is clear that more and more employers are considering SRI, especially in response to employee demand. In fact, legislation has been introduced to make SRI options available to federal employees.


III. WHERE DO I LEARN SRI BASICS?

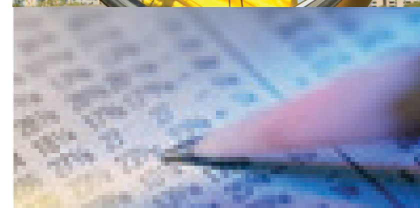
As with any investments, before you place money you should learn about the type of investment or investment strategy you are interested in making. You don't need to become a financial expert to advocate for inclusion of SRI options in your retirement plan, but you'll want to understand the basics. You can learn more about the field of SRI at the following Web sites that will help you build your case for having SRI options in your employer's retirement plan – and be sure to use the one-page fact sheet in the appendix:

- Green America's Web site: www.greenamerica.org/socialinvesting/
- For general information on the SRI field, Visit: www.ussif.org, the website of the professional association for SRI practitioners.
- For research on SRI retirement option trends, visit: http://ussif.org/resources/pubs/ and scroll down to "Opportunities for Sustainable and Responsible Investing in US Defined Contribution Plans."
- For information on SRI mutual fund performance, featuring funds that are members of US SIF and Green America's Green Business Network, visit: www.ussif.org/resources/mfpc/
- To find a wide range of SRI practitioners, for retirement and other needs, please visit the Green Pages Online at www.Greenpages.org
- To learn about Social(k), a member of our Green Business Network that provides SRI retirement plan administration, visit: www.socialk.com
- For SRI news and resources visit: www.socialfunds.com

Establishing a retirement plan at your company is a fairly simple and straightforward process. This guide will help you understand both how to install a plan where there isn't one, and, how to change your company's current plan if the investments do not align with your company's mission statement or the employee's values or investment philosophies. If you are moving your personal money from a mega-bank to a community development bank, as part of Green America's Break Up with Your Mega-Bank Campaign, consider doing the same with your retirement plan!

IV. EMPLOYERS: HOW TO BRING SOCIALLY RESPONSIBLE INVESTMENT OPTIONS TO YOUR COMPANY

LET'S START WITH A COMPANY WITHOUT A PLAN:

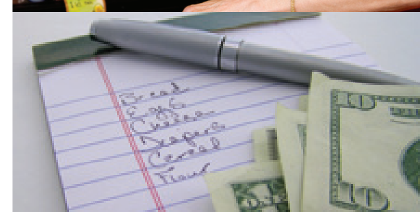


At the outset, it's important to understand that size does not matter. An organization with one employee can open a retirement plan. The first question, then, is not whether your company is big enough but whether employees can afford to defer money to their retirement fund. If everyone earns minimum wage, chances are nobody will sign up and participate. It doesn't take much "extra" income, however, to make deferring earnings worthwhile because that money adds up rather quickly with weekly payroll deferrals and the returns of the market. Employees should be given a choice of stock and bond investments from which to choose.

HERE ARE STEPS TO GET STARTED:

1. Determine if employees are interested in having a retirement plan. A useful tool to determine whether employees are interested is a simple survey via email, such as the Social(k) questionnaire (see appendix).

2. Once you determine that employees are interested in opening a retirement fund, inform the company's decision-maker(s) and get agreement to explore options.



3. Select someone who will take the helm on the project. The reason many companies fail to offer retirement plans is that the process is put on the back burner in favor of the company's day-to-day business. This is a common obstacle, of course, for all long-term plans. Delegating a point person or group will move things along. The time involved can be minimal for all involved so that the company can focus on its goals rather than spending time running a retirement plan.

4. Figure out what kind of plan you need, research providers, ask about the breadth of their SRI options, and compare costs (see next section on Costs). You can find SRI retirement options that are Green America business members at: www.greenpages.org. One way to make

this process easy for your business or organization is to work with a retirement plan advisor. They help you design your plan and help employers choose the best options within the plan for each employee. Working with a plan advisor can save you time and provide needed investment expertise.
In many cases choosing the advisor first, then having that expert research appropriate plan providers, like Social(k), is a better way to proceed.

5. Set up a trust committee for your plan. The trustees (people who are responsible for the plan and who are connected to the plan sponsor/employer) take on a lot of responsibility. The most important thing to understand is that money deposited into the plan is employee money and trustees have a duty to treat that money with a very high regard (referred to as "fiduciary responsibility.") The best practice for this, even in a small business, is to establish what is referred to as a "trustee committee." Because of the nature of the laws and regulations, having an experienced retirement plan advisor to help guide the formation of the plan and the committee, will make entire process smother.

6. Design and implement your plan. If you use Social(k), a Green Business Network member, the Social(k) team works with the employer to walk through plan design and enrollment. Social(k) works with both for-profit and non-profit organizations. Usually within 30-60 days of deciding to add the benefit, the new plan is in place. Should questions arise concerning the plan you will have an advisor to answer questions on investments and a designated service team to help with plan questions, such as: "What is the process for changing a bank account tied to payroll?"

7. Evaluate your funds' performance on a quarterly or semi-annually basis. A broader review of your retirement plan, including the types of investments offered, can be conducted on an annual basis to ensure continued satisfaction.

WHAT IS THE COST OF CREATING A PLAN?

The cost of setting up and running a plan, typically under $2,000 a year for everything, is not usually the reason companies do not have retirement plans. While many employers think an employer match is mandatory, fortunately it can be added (or removed) on a yearly basis in accordance with the company's budget.

WHAT ARE THE STEPS IF YOUR COMPANY ALREADY HAS A PLAN

and you want to switch to a new provider with a different array of funds from which to choose, including SRI options?

1. The easiest step is simply to add a handful of additional funds that do offer these screens. Most of the time this request will result in the current plan provider offering one or two funds screened on ESG (environmental, social, governance) issues. Most plan providers have a couple of ESG screened funds so adding a few funds is not hard and should not be an issue for any legitimate provider.

2. If your provider refuses to add ESG screened funds, remember that a group of people asking for change always carries more weight than one. Gather some support, and you'll be able to diversify your options.

    a. Some providers, however, do not have SRI options with their lists. If they do offer funds outside their normal list you may pay up to $5000 per year extra per fund! This means it is time to consider moving your money unless there are other reasons for staying!

WHAT ARE THE STEPS FOR CHANGING PROVIDERS?

Converting a plan is not the chore it used to be.

1. Identify exactly what your current plan offers and charges, so you know what you are changing from. A list of funds being offered should be available to you as a participant. The plan administrator will also have this list, and they will also have a statement showing a breakdown of the administrative fees.

2. Once you know what you have, determine whether the plan you have has appropriate fees (see next section on Fees) and the type of investments you want.

3. If you decide to switch plans, the new provider will need a few key items such as a copy of your existing plan document, trust report of current investments, most recent IRS 5500 filing, last year's non-discrimination testing, and a brief questionnaire to help review any changes you may wish to make.

4. Once received, the new plan provider will call to thoroughly review how to enhance your retirement plan. Do you offer a Roth option in your current plan, for example? The financial advisor working with you and your trust committee will head up the selection of new funds.

5. During the conversion process, the coordination of sending out letters to external parties will take place to ensure a smooth and seamless conversion. Most providers do not allow participants to access accounts during a traditional conversion, so make sure employees are aware of this. The Social(k) platform, however, can invest current payroll deferrals and enable participants to view assets while accelerating the reconciliation of your plan.

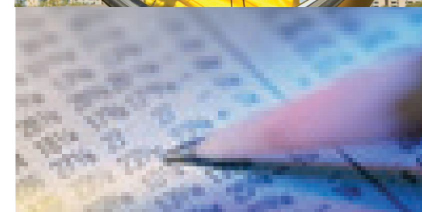
WHAT ARE TYPICAL RETIREMENT PLAN FEE STRUCTURES?

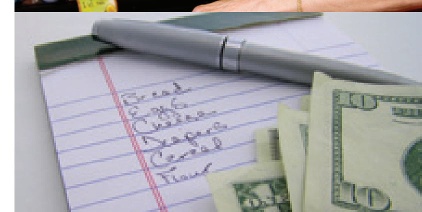
Hard dollar fees are those where an invoice is generated and someone pays it directly. The bill could go to the plan provider or the bill could go to the participant. In Social(k)'s case, they bill $995 per year to your company and $40 per year to each of the plan participants. (If you have a plan, the bond you are required to maintain is the same no matter who the plan provider is. The advisor also will remain in place with existing compensation unchanged.)

Another type of fee is the expense ratio for the underlying investments. It is not paid with an invoice. Instead, the investment institution takes a small percentage of the invested money. Expense ratios vary anywhere from the lowest, 0.10%, to the highest, just under 2%. One percent is a respectable average, and a good target for most companies considering a mutual fund line-up (or basket of mutual funds). This expense is about half as much for exchange-traded funds.

The expense ratio can be fixed by each mutual fund company or it can be different for every plan if you are using an insurance company for your provider. Mutual fund fees are fixed and posted for all to see. Separate accounts, the investments offered by insurance companies, can have different fees for every client. Finding the exact fee in this case can be a challenge. Usually the original contract will show these costs. Since there is no bill this cost is otherwise hard to determine.

> *I would imagine that some people don't think of themselves as investors, but they may still have some retirement funds they have control over. For me, it was worth it to start early and make sure I wasn't unknowingly supporting companies with questionable ethics through my retirement funds.*
>
> Sarah Gilberg, Washington, DC
> Quoted in Green America's 2012 Guide to Socially Responsible Investing





V. EMPLOYEES: HOW TO BRING SOCIALLY RESPONSIBLE INVESTMENT OPTIONS TO YOUR COMPANY

FIGURING out how best to approach your employer about providing an SRI retirement benefit can feel challenging – but may not be as hard as you think – especially if you help your employer understand the benefits and options. You can share the preceding section of this resource with your employer since it was written with them in mind. Here are some steps to get started:

1. Educate yourself about SRI. Read sections II and III above so you feel comfortable describing SRI to others.
2. Identify co-workers who share your interest. You can do this through informal conversations, staff meetings, or other venues in keeping with your company's or organization's processes.
3. Form a group to discuss your goals, needs, and to identify questions. Together, get educated on SRI using the Web sites above. Key points to understand include:
   - The SRI field is growing in terms of assets, products, and services.
   - SRI does not mean sacrificing financial returns.
   - SRI options can be added to an existing plan, or a company can easily switch plans.
   - Why you believe offering SRI will be good for employees and the company (morale, retention, alignment with company's mission or values)
4. Once you have a small group of interested employees, schedule an introductory meeting with your HR person to raise the issue, assess the level of receptivity, and answer questions. Share a brief packet of SRI educational material with the HR person, drawing on the Web sites above, along with a brief cover letter stating your request and its benefits.

5. Identify questions/concerns -- find the answers.

6. Identify sample SRI providers, such as Social(k), and get data on SRI performance -- build your case.

7. Follow-up meetings with HR person; find out your employer's decision-making process for this -- who is involved?

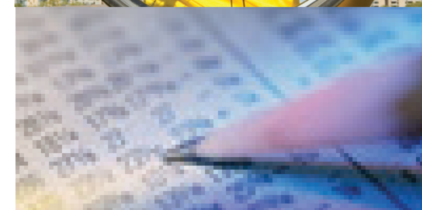
8. Invite SRI providers to speak to your employer as needed.

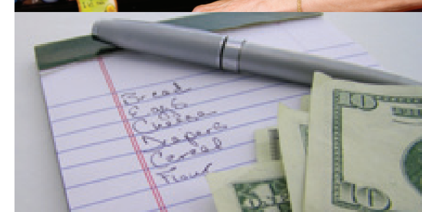
9. If your employer is receptive, offer thanks and share this resource as a "how to" tool. Find out by what date the SRI options can be made available. Check-in as the date nears. Make sure your employer adequately informs all employees about the new SRI options and provides information on them.

10. If your employer is not immediately receptive, keep trying! Ask when it would be convenient to raise the issue again and find out who needs to be involved in the process. You can suggest ways to educate employees in the meantime about SRI, for example by sharing information from the aforementioned Web sites or having a "brown bag" lunch to discuss the topic.

You now have all the basic information you need to approach your employer about offering SRI retirement options!

Do let us know about your experience! Please report back to Fran Teplitz at Green America with your story: fteplitz@greenamerica.org





APPENDIX A: SOCIAL(K)'S NEW PLAN QUESTIONNAIRE FOR EMPLOYEES

Below is a sample employee questionnaire from Social(k) for assessing whether employees want a retirement plan:

1. Are you familiar with how a company retirement plan works? Do you understand the need to save some money for your retirement?
2. Realizing the money taken from your check is always yours and can be invested in a variety of options from no risk stable value funds to aggressive stock funds, would you be comfortable putting $10-$20 a week, or more into this plan?
3. Would you be interested in seeing this money grow tax free? The "Roth" option allows after-tax money to be invested, to grow in the market over time, and at retirement allows you to take your earnings tax free. A Roth option means you pay taxes on the money when you earn it, not when you take a distribution (withdrawal) from your plan. A standard retirement plan contribution, in contrast, means you pay taxes on the plan contributions, and earnings, when that money comes out. With a Roth, the contributions are not taxed at time of distribution, since the taxes were paid when you earned the money. With the Roth option you still need to follow standard distribution rules, which are related to issues like your age and how long you've held the Roth investment.
4. Are you investing in CDs or the stock market currently?
5. Would you be interested in helping bring a plan to your company?
6. Are you interested in learning about socially and environmentally responsible investment options?

To see what the Social(k) site looks like as an employee go to socialk.com and log-in with:

Username: skdemo1 **Password:** Password
(the last character is the number one)

To see our site as employer use :

Username: skdemo **Password:** password
(Just drop the number one from username.)

APPENDIX B: FACT SHEET ON SRI

FACT SHEET ON U.S. SOCIALLY & ENVIRONMENTALLY RESPONSIBLE INVESTING (SRI):

Pointers for Helping Your Workplace to Decide to Offer SRI Retirement Options

The following information can help inform an employer's decision to offer SRI retirement options to employees and can be used to help employees better understand SRI.

- SRI is not a new phenomenon. The idea that how we deploy or invest wealth has ethical considerations has Biblical roots. The Quakers have avoided investments that benefit from slavery and violence, and the Methodist Church in the U.S. has been applying social concerns to financial decisions for more than two hundred years. Indigenous Peoples have also historically applied social and environmental values to their economic and investment decisions. The modern era of SRI in the U.S. grew out of the 1960s social movements. The SRI industry is mature and well-established. Learn more:
    - www.firstaffirmative.com/resources-news/publications/sustainable-and-responsible-investing-in-the-united-states
    - www.nafoa.org/pdf/Histories-of-Social-Investing.pdf
- SRI Offers Competitive Performance. Over the decades, studies have shown that SRI funds are competitive with their conventional counterparts over the long term. Investors do not need to sacrifice on their returns when they apply environmental, social, or corporate governance (ESG) concerns to their investment decisions. In fact, attention to these concerns can benefit a company by identifying risks and opportunities. Learn more:
    - www.ussif.org/resources/performance.cfm
    - www.firstaffirmative.com/resources-news/publications/affirmative-thinking/affirmative-thinking-winter-2011/environmental-performance-influences-cost-of-debt
    - www.sristudies.org/Key+Studies
    - www.greenamerica.org/socialinvesting/mfpc/index.cfm

- There's An SRI Product for All Your Investment Needs. There are now more than 200 SRI mutual funds that cover the full range of investor strategies and a number of exchange traded funds, variable annuities, and other pooled products that apply ESG criteria. Whether you want aggressive growth or asset protection, there are SRI instruments and professionals who can meet your needs. Learn more:
  - www.ussif.org/resources/research/
  - www.greenpages.org (search under Financial)
- The SRI Industry Is Growing. As of 2010, the SRI industry represented $3.07 trillion in professionally managed money, up from $639 billion in 1995. These numbers include screened assets, those engaged in shareholder advocacy, and community investments that benefit low-to-moderate income communities. Over the last few years, SRI in the U.S. has grown at a faster rate than conventional investments. Learn more:
  - www.ussif.org/resources/research/
- More Employers are Offering SRI Options. The number of defined contribution retirement plans in the U.S. offering SRI options could double in the next two to three years. Learn more:
  - www.ussif.org/news/releases/pressrelease.cfm?id=180

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ENDNOTES

I. SOCIALLY RESPONSIBLE RETIREMENT PLANS: A KEY PART OF THE GREEN ECONOMY

1 US SIF Foundation (formerly Social Investment Forum Foundation), "2010 Report on Socially Responsible Investing Trends in the United States." http://ussif.org/resources/req/?fileID=11

II. WHY OFFER SOCIALLY RESPONSIBLE INVESTING?

2 US SFIF Foundation/Mercer, "Opportunities for Sustainable and Responsible Investing in US Defined Contribution Plans," September 2011. http://www.ussif.org/news/releases/pressrelease.cfm?id=180

MOVE YOUR MONEY

Social(K) RETIREMENT PLANS

E.S.G. Screened Funds & ETFs

Move your money to Social(k)

Green investing, values investing, socially responsible or sustainable investing is growing. Social(k) offers over 500 Environmental, Social and Governance (ESG) screened funds and Exchange Traded Funds (ETFs), from dozens of fund companies. Pax World, Portfolio 21, Appleseed, Green Century, Parnassus, Community Capital Management, Everence and Calvert are a few.

If you operate a mission driven organization, for profit or non-profit, we are the only mission aligned option when it comes time for a retirement plan that matches your organizations philosophy. Social(k) is a low cost, open architecture, fully bundled, paper-less platform. Social(k) has been recognized as ‘Best for the World’ in a list of businesses with less than 10 employees creating the most overall positive social and environmental impact, as determined by the nonprofit B Lab in March 2012. (www.SocialK.com)

Green America®

is the nation’s leading green economy organization, advancing marketplace solutions for our country’s most serious social and environmental problems. Green America harnesses economic power—the strength of consumers, investors, businesses, and the marketplace—to grow the green economy, stop corporate abuse, curb climate change, and help people and businesses everywhere make economic choices that are good for people and the planet. (www.GreenAmerica.org)